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Government Fall Linked to Scandals

93BA0911A Belgrade BORBA in Serbo-Croatian
1 Apr 93 p 13

[Article by N. Burzan: "Corruption and Financial Scandals"]

[Text] The recent fall of the Croatian Government headed by Prime Minister Hrvoje Sarinic was accompanied by a number of articles in the world media. To be sure, Sarinic, who had been Franjo Tudjman's chief of staff, had recently been the target of frequent criticism for incompetence and poor handling of economic policy, but the real and immediate reason for the removal is hidden behind one of the largest cases of corruption and financial scandal Croatia has had so far.

The end of the government formed just last August, according to the radio report of DEUTSCHE WELLE, paralleled discovery of the scandal concerning the state insurance company Kroacija, which Croatian managers considered a kind of supermarket. For weeks now, the Zagreb press has been writing about the impermissible financial manipulations and unlawful enrichment. A group of bank directors also attempted to line their own pockets by privatizing the well-known hotel firm Primosten.

Mesic Defended the Managers

According to the results of the investigation to date, 12 of the 15 ministers in Sarinic's government were involved in the scandal concerning Kroacija. In recent weeks, altogether quietly, many high officials in the economy and financial world have resigned without providing reasonable explanations. Even the resignation of the government came as no surprise in that context.

Well-informed circles in Zagreb expect that proceedings will be conducted to take away the immunity of a number of members of the now former government who were at the same time deputies in the Assembly, and that they will then have to face criminal charges.

The fall of the Sarinic government was actually prefigured during the Assembly debate lasting almost one week about the effectiveness of economic policy or lack of it, in which two camps collided—the progressivists and the dogmatists. The latter have found themselves under ever greater pressure from a number of young deputies in the ranks of the HDZ [Croatian Democratic Union], who have very little understanding left for those who refer to past services, but want to organize the state along the principles of a modern market economy. They include Nikica Valencic, the new prime minister, who was previously general director of INA.

It is interesting, writes DEUTSCHE WELLE, that in one TV debate concerning KROACIJA Stipe Mesic, president of the Assembly, came to the defense of the top managers, who in the meantime had been charged with corruption, and some of them even had to submit resignations.

Reporting on the fall of the Sarinic government, RADIO VATICAN says that the justification given that the change was necessary because of the new makeup of the Assembly (election of the Zupanija Chamber) is only "a screen meant to conceal the real reasons." And the reasons are these: "Even three years after the fall of bolshevism, the system has not taken on life as we might have expected of it," and then "The Croatian economy has been in collapse, is it only because of wartime difficulties?"

The Tag Ends of Bolshevism

RADIO VATICAN also speaks about mistakes in the process of privatization of public property and says that actually "social property in its most interesting segments has been transformed into state property," and "experience has shown that the state is a poor proprietor." And it also adds: "Economists learn in the first grade about the tendency toward monopolism in certain branches of the economy, which the Sarinic government supported, and also about tests of the first order. We will not even speak about the 100 heads of the bureaucracy, about the legal system which has still not taken on life, about a tax policy which has been especially devastating to small businessmen, about an electric power industry brought to its knees by a few days of drought, and about financial engineering which dangles millions of marks from Croatia in front of responsible officials."

The conclusion of RADIO VATICAN is still more significant: "The Sarinic government was either powerless or apathetic or incapable of putting the young Croatian state on new foundations. Nevertheless, it seems to us that the attempt to go forward in Croatia is being made with too many harmful compromises and too little courage to break new ground."

Under the headline "Tudjman's Favorites Richer and Richer," the prestigious DIE ZEIT of Hamburg represents Croatia today this way: "Unemployment is on the rise. Money is losing value, the dinar is being printed without interruption. Strikes are becoming increasingly frequent, and debts are piling up. Prices are high in the country, but its citizens earn little. Many are selling books and family jewelry, and some are even offering themselves: Prostitution is flourishing.... In Croatia, freedom of the press is nothing more than a word in the Constitution. Government TV is calling for a witch-hunt against independent journalists. Antun Vrdoljak, who heads TV and is referred to as 'Attila, God's scourge,' presents officials of the HDZ who use heavy language in revealing who is spreading unrest in the country...."

Minister on Solving Dalmatia's Energy Problems

93BA0965B Zagreb DANAS in Serbo-Croatian
23 Apr 93 pp 12-14

[Interview with Ivan Cermak, Croatian minister of industry, energy, and shipbuilding, by Marko Franjic; place and date not given: "I Have Sold All My Businesses"]

[Text] Ivan Cermak came to the post of minister of industry, energy, and shipbuilding from the post of assistant defense minister with the rank of colonel general, where he was responsible for supply of the Croatian Army [HV]. He was born 19 December 1949 in Zagreb. He has been vice president of the Executive Board of the headquarters of the HDZ [Croatian Democratic Union] and an adviser to President Tudjman. Before those positions, he was well-known as a Zagreb businessman, the owner of seven firms. Cermak should soon become the minister in the new Ministry of the Economy and thus become the main man in the Croatian economy.

[Franjic] One of the surprises in the new government was your appointment to one of the most sensitive posts in Croatia. Was the call a surprise for you as well?

[Cermak] It was a bit of a surprise even for me, because for two years I had been working in the Defense Ministry on different jobs. I think that this decision was made in recent days, when President Tudjman and Nikica Valentic called me and said simply that I should take over the Ministry of the Economy, the new ministry which is supposed to be established in two weeks and whose jurisdiction will extend over not only industry, energy, and shipbuilding, but also the crafts and trades, mining, foreign and domestic trade, economic development, etc. The idea is that it should unify all the affairs of the Ministry of Industry, Energy, and Shipbuilding with the Ministry of Transportation and Communications and the Trade Ministry to form a strong Ministry of the Economy, within which the handling of economic affairs can be organized effectively. Affairs would be divided by sectors, my aides would in practice have the status of ministers, and I would be the coordinator. In such a job, only a strong professional team can succeed; I will make it up, but the selection will be confirmed, of course, by the government. If I am to assume responsibility, then I also ask for power. I think I was chosen for this post above all as a practitioner, an operative, so that we could change the inert relations in the economy as soon as possible.

[Franjic] You are expected to solve the energy situation in Dalmatia and all of Croatia more effectively?

[Cermak] Certainly, because the HEP [Croatian Electric Power Industry] is a public firm under the jurisdiction of this ministry, and the minister should be responsible for the energy situation in the country. I am convinced that in two and a half or three months we will solve the energy problems in Dalmatia. The working groups of the HEP and of this ministry have "scanned" the entire situation and proposed a solution, and we will be submitting that to the government in the next meeting in Split. We have already agreed on a gas-fired power plant 2 x 22 megawatt-hours [MWh] ABB, which will be installed at INA-Vinil in Split. One barge capable of generating 16 MWh will be moored at TLM in Sibenik, and one with the same capacity in Dugi Rat. Mooring one more such barge in Zadar would give us 100 MWh of power, to which we should add power from the Dubrovnik HE

[Hydroplant], which is now being updated. Formerly, power from that plant went first to Trebinje, and only after that went back down to the sea. A new long-distance transmission line is also being built to connect the Dubrovnik HE to Split and Dalmatia directly. We thus get 100 MWh, which along with the 100 MWh mentioned earlier and the power from Herzegovina, would be enough to satisfy 80-90 percent of Dalmatia's needs for electric power.

This is a short-term program, but installing these smaller power plants fits into the concept of developing the Croatian Electric Power Industry. We are also working on a draft of the medium-term program for reviving the fuel and power industry. We soon should sign a contract with the French firm Alcatel, which will deliver submarine cable for reestablishing what we have come to call island communications: from Rijeka via the islands to Zadar. This would bring a new 70 megawatts [MW] of electric power to Dalmatia and we would thus solve its problem of power supply almost completely.

[Franjic] Is there a fear of Dalmatia's power system breaking down?

[Cermak] No. These hydroplants which are now on-line, when power from Herzegovina is added, can satisfy 60-70 percent of Dalmatia's needs. Our program will soon go into operation, and no breakdown of the system threatens Dalmatia. Those are the arbitrary assessments of individuals. It should not be forgotten that the Peruca HE is also being updated, and in three months it will begin to provide additional amounts of power. In view of weather conditions, reserves are being created in some of the storage reservoirs as well.

[Franjic] What about the Plomin TE [Thermal Plant], which, it seems, is one of the failures?

[Cermak] We have established a specific working group whose task is to examine the entire investment program at Plomin. The foreign partner is interested in resuming cooperation on that project, but he does not agree with our financial balance sheet. They simply say that more money was spent than was necessary. Until the working group makes its expert analysis, I cannot tell you anything more.

[Franjic] To what extent will the conflicts between Muslims and Croats in B-H [Bosnia-Herzegovina], from which some of the electric power comes, influence the energy situation in Croatia?

[Cermak] It is precisely because of the military-political situation in Bosnia and Herzegovina that we are adopting this short-term program for restoration of the power system in Dalmatia. If the thermal plants at Kakanj and Tuzla should go on-line, we would solve all our power problems and we would not have to make such an investment. But no one can judge when those Bosnian systems will go into operation. Even if the conflicts ceased immediately, there is the question of

how much those systems might function. Daily consumption of coal by the thermal plants at Kakanj and Tuzla amounts to about 80,000 tons, and at present, were it not for the war, they would be able to mine only 50,000 tons a day. The mines have to be repaired, new strip mines have to be opened...which means investing much more money so that the thermal plants can begin to generate power. At the moment, that is impossible, but we cannot allow Dalmatia to enter the autumn and winter with its present problems. The damage because of failure to deliver power to Dalmatia is already twice as large as all the investments in additional sources of power!

[Franjic] What are the relations with Slovenia concerning the Krsko NE [Nuclear Power Plant]?

[Cermak] For the present, everything has been agreed, and debts have been paid to the nuclear power plant. The Slovenes have not the least understanding for the situation in which we find ourselves, and they are demanding that all costs be paid immediately.

[Franjic] Has there been an estimate of the damage caused so far by the shortage of power?

[Cermak] The total damage can be estimated as a loss of the social product, which is \$0.50 per kilowatt-hour consumed. That means that the 108 million kilowatt-hours [kwh] not delivered during the restriction on consumption in March represents economic damage in Dalmatia of about \$54 million. Assuming the restrictions that have been in place up to now, it is estimated that by the end of April the damage could grow to \$100 million. If the restrictions of, say, one million kwh per day continue until the end of the year, the damage would be about \$220 million. The loss to date is already greater than the money needed to normalize supply.

The war damage to long-distance transmission lines and substations is estimated at 300 million German marks [DM], and foreign loans will be needed to repair them, because the HEP has been selling power below its real price. That would not be enough even for simple reproduction, much less would it provide money for further investments or to repair the damage.

[Franjic] Nor are salaries realistic in economic terms, and it is not realistic that in a country with such potential the poor should be in the majority. What will happen if the rise of overhead continues with no rise in earnings?

[Cermak] All those who do not have enough for dark bread and overhead will get help. We simply have to establish a real price of electric power. We cannot force public firms to generate and accumulate losses as has been the case up to now. The HEP has immense losses. Some of those losses we plan to make up, and some we will transform into public debt. With a real price of power, we must make it possible for that public firm to start over without losses, and if we do not do that, it once again will not be able to operate in the black. We must be mindful that there is no magic wand. It will be difficult,

but we have arrived at a normal way of doing business, at a market economy, we must bail out the public firms. Until we do this, there is no foreign financial support. This government will stand behind its programs and is ready to explain them to the public. There is no other way. We must energetically activate production, create tax and legal regulations so that we make it possible for all businessmen to operate more simply and better.

[Franjic] How do you plan to bail out the public firms?

[Cermak] The public firms are the running sewer of the Croatian economy, they are the largest source of inflation, and that is why we must bail them out if we want to stop inflation. That is why the office for the economy or for restructuring is being opened; it will mainly concern itself with the public firms. In principle, we are thus placing all public firms in receivership.

[Franjic] Will at least some of the public firms be privatized, which would partially prevent monopoly?

[Cermak] All the monopolies and monopolists should be done away with. The more competition, the better. We are planning to privatize a part of the HEP, and we have drafted programs for construction of small power plants, and we will present it to the public and potential investors. All who are interested in investing will be exempted from duty on all equipment and will pay no tax for the next five years. Investors may also turn up who want to build larger power facilities, which is possible even under the present law. This government will support all good firms in other branches and sectors as well, and we will liquidate those which are losing money and those that have no future or, if necessary, we will sell them off at auction. No longer will there be any kind of paper restructuring or restructuring in which there is monkey business.

[Franjic] What about INA?

[Cermak] INA is a public firm like any other, but it has always had benefits which other public firms did not have. It has had the real world price of petroleum, which even the HEP has had to pay to it, and it itself had to sell power at 2.5 cents per kilowatt, while the world price of power was between 6 and 8 cents. That was insanity. All public firms must have the same treatment, and we must make it possible for them to operate normally on the market.

[Franjic] Can our banks keep up with the restructuring and bailout of public firms and transformation of socialized firms?

[Cermak] The banks are a story in themselves. We do not have a real banking system. The commercial banks ought to determine quite differently the business relations into which they enter. Our banks do not have enough capital, they are full of doubtful assets. They are inert government banks, and a good program of financial rescue is

needed for them. We should create the conditions and legal opportunities to open private banks and for foreign banks to come in.

[Franjic] Shipbuilding is one of the very critical industries in the Croatian economy. According to certain figures, unless claims are paid, there could even be confiscation of some of the merchant vessels.

[Cermak] There will not be any confiscation of Croatian vessels. It is true that shipbuilding is in a difficult position, immense losses dating back several years have accumulated in it. In a few days, I will be meeting with the directors of all the shipyards so that we can see how we can help them to get out of the crisis. Every shipyard is to adopt its own program for financial recovery, which the government will support. There are many foreign partners who at one time had ships built in Croatia. Because of the war and the risk, they have asked for government guarantees for continuation of construction of vessels in our country. Up to now, the government has not done that, but this government will issue guarantees from now on. The government will guarantee every contract which a shipyard signs with a foreign partner. This government's first and principal task is to get production going, and we will do everything to accomplish that. We are entering upon public works and construction of a limited-access highway between Zagreb and Rijeka. Actually, those are not public works, but investment projects. It all begins and ends with money.

[Franjic] How much has the conflict in the HDZ affected the work of the last government, and how much will this bother you? What is the reason for the oversights, especially concerning the energy situation? Was it not naive to believe that the Chetniks would not damage Peruca?

[Cermak] It clearly was naive, and there has been a contest of opinions about that. So, not because there is a right wing or left wing in the HDZ, but because certain things have not been defined as they should have been. We are aware of the situation, and for that matter, mistakes should be admitted when they are made.

[Franjic] Do you think that the transformation has been carried out successfully?

[Cermak] A portion of it has been successfully carried out, but largely the transformation was on paper. Even the privatization was not carried out as best it might have been. But we must realize the state the country is in and that there is no capital from outside for that reason. I condemn all the transformation carried out in a criminal way. Transformation cannot be done on the basis of paper or imagined "managerial" credits. A loan can be issued, but on the basis of personal risk and personal mortgages, not on the account of the firm. That is why that commission headed by Seks was established, and it will check every case of transformation. I did not buy a single share in that transformation.

[Franjic] Are you perhaps the member of some board of directors?

[Cermak] Yes, I am. I am on the Board of Directors of the Adriatic Oil Pipeline, but that post was frozen when I took this job. I am also a member of the Board of Directors of the Croatia Soccer Team, but that is more a hobby. It is a shame that in these difficult times for Croatia some people have taken advantage of their political positions for personal gain, and, unfortunately, have become involved in morally dubious games involving the transformation and other things. This must be cleared up entirely.

[Franjic] You had several firms of your own. What has happened to them, and how do you look upon the phenomenon of people in the government owning private firms?

[Cermak] My view is clear. While I hold a political post, there is no business, there are no private firms. I had seven firms and I have sold them all, and I have put the money in the bank. When I get out of politics, then I will invest my capital in some business with sound money. I am not interested in these paper deceptions and transformations.

[Franjic] For a long time, you were the head of logistics for the Croatian Army. Recently, some have been heard to say that one of the reasons for the tension with the UNPROFOR [UN Protective Force] is that the HV was poorly equipped.

[Cermak] That is not true. The Croatian Army is well-equipped, it has been well set up from the organizational standpoint, and its units are getting stronger and better-trained every day. The Croatian Army could do much more than is thought. Our country is respecting the accords, and we know who will make the decision on use of the HV. It is essential that it be able to perform its job. If things are done militarily, there are no chances of the Chetniks preserving any kind of "krajinas." Had there not been pressure from the international community at the time of the Maslenica operation, in two days we would have been in Obrovac and Benkovac. The HV is not what it was. When our army strikes now, it sets the sky and the stones on fire. The army will do its job when politics tells it to. We have the morale to defend the country which we wanted so much. I myself could also have been somewhere outside, I could have donated DM1 million to Croatia and been a great patriot, but I sold everything and put on a uniform. Many people did the same.

[Franjic] According to some people, the HV did not enter Benkovac and Obrovac because 30,000 Serbian soldiers crossed the Danube and were ready for an attack on Slavonia.

[Cermak] No, those are just stories. The HV did not advance further because of the pressure of international factors. We did not enter upon the Maslenica operation to clear out the "krajinas," but rather this was a limited

military action so that we might begin to build the bridge. Had we opted for war, we would be ready to convert to a war economy immediately.

[Franjic] To what extent is the present production of arms in Croatia satisfying the needs of the HV in quality and quantity?

[Cermak] It is well-known that we do not have a long tradition in the manufacturing of arms. In the former Yugoslavia, Croatia produced only certain parts for the military industry. In this past year, we have made great progress and we are meeting a large portion of the needs of the HV through our own production of both supplies and combat materiel—ammunition, artillery shells, hand grenades, bombs, missiles, etc. We are producing under full steam.

[Franjic] Croatia supposedly has not managed to create a quality assault rifle, in spite of many attempts.

[Cermak] The question is whether we need to create an assault rifle. When I was managing that segment of defense, I was concerned that all manufacturers of military equipment attain the level of world producers in quality, standards, and price. Some of the production of military equipment is in private hands, because they are quicker, more adaptable, and very quickly manage to organize production. We require world standards of them all. We do not consider it necessary to make an assault rifle for the needs of the HV, because that weapon could be purchased much more inexpensively. We did manufacture the automatic rifle Ero, which is of the same quality as the Israeli Uzi. When we meet the needs of the HV for those weapons, and when the embargo is removed from us, we will immediately offer it on the world market, and that applies to 90 percent of the products of the Croatian military industry.

[Franjic] Does Croatia have military aircraft?

[Cermak] We have some and we will be procuring more.

[Franjic] At one time, Damir Mejovsek, spokesman of the HDZ at the time, called you to account from the speaker's stand of the Croatian Assembly because you had not facilitated procurement of the Stinger, but later certain newspapers wrote articles in which they tied you in with arms smuggling.

[Cermak] All trade in arms without a permit of the Defense Ministry and the Ministry of Internal Affairs is illegal and unlawful. That is smuggling. There has been such trade, and the Ministry of Internal Affairs and we have prevented it. All speculations about crime and profiteering in the purchase of weapons under government control are out of the question.

[Franjic] What is the state at Djuro Djakovic now?

[Cermak] It is well-known of Djuro Djakovic that it was a firm that assembled tanks. Today, they are working there on servicing, overhauls, and repairs to meet the

needs of the HV, and they are also working on the production of a Croatian tank.

Intellectuals To Request Antifascist Law

93BA0911C Zagreb VJESNIK in Serbo-Croatian
27 Mar 93 p 5

[Article by Zeljko Krusel]: "Croatian Statehood Based on Antifascism"

[Text] The debate in Croatia, but also surrounding it, concerning the Ustasha regime and the Independent State of Croatia [NDH] seems never-ending. The other day, the German radio DEUTSCHE WELLE broadcast an editorial by Thomas Gerlach about the "danger of rehabilitation of Ustasha fascism in Croatia." The occasion for this topic, which is still awkward, was the initiative of a "group of citizens" to have a Zagreb street, the street in fact where the School of Philosophy of Belgrade University is located, renamed Mile Budak Street, as well as the appearance of the book *Hrvatsko Domobranstvo u Drugom Svjetskom Ratu* [*The Croatian Home Guard in the Second World War*], printed in cooperation with the Defense Ministry of the Republic of Croatia.

Gerlach refers to Slavko Goldstein, a member of the Council of the Jewish Commune in Zagreb, who says that the Budak project "did not fail, but was only put on ice," that is, that the "name of that outstanding fascist could be given to institutions, for example, some writers' union." In that context, Goldstein says, it is equally "unpleasant" that a book which "justifies the fascist army" should have been given government sponsorship. That is why a group of intellectuals, the author concludes, will "seek adoption of a law banning glorification of the period of fascism as well as the denial or diminishing of the cruelties committed at that time."

An official protest of the Council of the Jewish Commune, signed by its newly elected president, Dr. Ognjen Kraus, has also appeared on the same topic in the Croatian press. It says in part: "Dr. Mile Budak delivered numerous speeches in 1941 at mass rallies all over Croatia in which he propounded the spirit of ethnic intolerance and enmity, especially toward Jews and Serbs, and as one of the most outstanding leaders of the Ustasha movement and regime he was an accomplice in the death of 31,000 Jews on the territory of the then NDH. We believe that on the basis of the incendiary speeches that have been published and the legal provisions which he signed, Dr. Budak would be convicted as a war criminal in the courts of any civilized democratic country." At the end of its protest, the Jewish Commune demands that in Zagreb and certain other Croatian cities they "rescind registration of streets, a local community, and other institutions which have already taken their name from the war criminal Dr. Mile Budak."

A reply was not long in coming from Josip Zebic, chairman of the Zagreb Commission for Renaming Streets, to the effect that the "proposal of a group of

citizens to rename Djuro Salaj Street after Dr. Mile Budak was not adopted." In debating that proposal, Zebic says, "the commission was not guided by any ideological motives at all," but "thought" about the former chief adviser "primarily as a Croatian writer."

Zebic's commission certainly would have needed someone's wink to react so speedily to the protest of the Jewish Commune, if we take into account that for weeks before that all it did was to listen to comments about Budak's "resurrection." In the press, that absence of an opinion, but also the separation of Budak the politician from Budak the writer was sarcastically compared to the idea of a plaque being put up in Bonn or Vienna that said: "Street of Adolf Hitler the painter." The Defense Ministry, however, still has not reacted to the political challenges to the book about the Home Guards which has been mentioned.

That entire debate about Croatian fascism and antifascism, which also coincides with the extremely delicate negotiations on the East River about conditions for extension of the mandate of the blue helmets in Croatia, nevertheless had to be given its epilogue in the Assembly. Seeing that the constitutional preamble about the achievements of the antifascist struggle is not in itself sufficient to explain current Croatian policy, especially in the foreign media, President Tudjman devoted strikingly large space in his message to the Assembly representatives to this issue, even without mentioning the Budak case specifically:

"In keeping with the proclaimed principles on which the present-day international order is being built, the young democratic state of Croatia has also incorporated antifascism into its constitutional and political foundations, along with all the other constructive components from Croatian history. This commitment should be consistently respected, because all opponents of independent Croatia, as well as those who accept the existence of an independent Croatian state reluctantly, are using every occasion, even the slightest, to discriminate on the present democratic Croatia and blackmail it with an alleged burden of Ustashism and fascism. By including antifascism in the constructive elements of Croatian history, and rejecting all the negative ingredients, both those fascist ingredients related to the Independent State of Croatia in World War II and also those bolshevik ingredients associated with Yugounitarianism, the new democratic Croatia is an expression of all the age-old aspirations of the Croatian people to exercise their natural right to independence and state sovereignty."

Explaining on what the state sovereignty of the Republic of Croatia is based, Tudjman emphasized: "Those traditions include those of the autochthonous Croatian antifascist movement, which resulted in the annexation of Istria and Baranja and the return of Medjimurje, Rijeka, Zadar, and the islands to the homeland, and at the same time put Croatia on the side of the forces of the democratic coalition, which was victorious in World War II....

Therefore, any revival of any Yugoslomunist bolshevism or of Ustasha and fascist symbols is wrong and intolerable from the standpoint of the interests of state of the Republic of Croatia, because it harms its reputation, internal democratic development, and international status."

Tudjman's message was so resolute as to have surely encouraged some of the deputies in the Assembly to take an unambiguous position toward the phenomenon of the Independent State of Croatia. What is more, news has been leaked about creation of an "antifascist bloc" within the Assembly. Although he did not confirm that that idea would be formalized in some way, Deputy Josip Boljkovac, whom President Tudjman appointed to the Zupanja Chamber as a distinguished Croatian antifascist, warned the other day that only those who "do not wish Croatia well" can "portray the sons of Croatia assaulting Stalingrad with fascist greetings."

Boljkovac uses a number of other examples to argue the absurdity of that kind of revival of passions, relying most of all on the present-day German opposition to fascism. While 200,000 German citizens, led by Chancellor Kohl, are publicly demonstrating against fascism, Boljkovac says, in Croatia "glorious" Ustasha epic poems are being pulled out, and the Milosevic regime is using them as a basis for justifying with the international public the "necessity" of its aggression against Croatia.

Finally, certain quandaries about Croatian antifascism have been created, he concludes, by the tensions and mistrust of citizens in Istria, but also in certain other regions, toward certain circles of Croatian politics, because by no means can they identify the Partizan movement with "Yugounitarianism" and "Serbocommunism." Zivko Juzbasic, a deputy who sees reduction of the pensions for participants in the antifascist struggle as a kind of penalty for their commitment as young men, is of a similar opinion.

In the meantime, neither have certain opinions opposed to those being highlighted these days by the Croatian Supreme Command died down. They exist, but somewhat hidden, even in the ranks of the incumbent parties, but Pavelic's visions continue to be fully accepted by the Rightist leader Dobroslav Paraga. To him, antifascism is just another word for bolshevism, and the Croatia of 1945 was a transitional stage toward creation of "Serbo-slavia." In a recent Assembly session, Paraga even offered an "original" interpretation of the terms "fascism" and "Ustashism." The historic truth, he said, is that the former signifies conquest and the latter exclusively defense. The Ustasha units, then, were "defending" even on the outskirts of Stalingrad, which has already been mentioned, but no one realized the extent to which they were successfully "deceiving" their Nazi models.

Tudjman's message, to be sure, was not addressed to Paraga, but to those who have doubts about the fundamental commitments of the state. Those suspicions are the last thing Croatia needs.

* Army Implements Economic Management Changes

93CH0563A Prague A REPORT in Czech Mar 93 p 3

[Article by Vlastimil Stana: "Basic Changes in the Economics of the Army of the Czech Republic Have Begun"]

[Text] *At the regular briefing held at the Ministry of Defense, this time the most important and most decisive topics were discussed. Questions having to do not only with Army pay but also management, in general, came up for discussion. Questions were responded to by Eng. Miroslav Kalousek, the deputy minister of defense of the Czech Republic responsible for directing the economic sector.*

By way of introduction, let us list several fundamental facts having to do with the Army budget. This year, the budget for defense represents 22,988 million korunas [Kc]. Decisive items to support the viability of the Army mechanism account for the following financial resources from this total. Some Kc7.5 billion are destined for materiel; salaries account for Kc6.5 billion; services and expenditures of a nonproductive character total Kc4.5 billion; and maintenance will cost the Army an even Kc2 billion. Capital improvements are estimated to cost Kc1.5 billion. The economic deputy minister has stated that the overall Army budget represents a sum "for survival."

The Goal Is Clear

Changes have impacted on even some previous activities that had a lot in common with the economics of the Army. Thus, for example, the minister of defense prohibited any kind of movement of Army real estate as well as material property until such times as new directives are issued. The existing internal legal provisions covering the method of such transfers are valid. The main purpose behind this measure, as Deputy Minister Kalousek underscored, is the exclusion of an opportunity for any kind of subjective decisionmaking. With similar intentions in mind, Defense Minister Antonin Baudys ordered that a legal standard be worked out for the sale of materiel. That document is currently being discussed by the appropriate legislative body.

Our Czech Concept...

A few words on the coming concept of the Czech Army. As of July, the new organizational structure should be in effect for the Army of the Czech Republic. That will result also in fundamental changes in management within the Czech Army. Existing practices, according to which materiel managers buy and sell materiel or dispose of appropriate resources according to individual classes of expenditure, will, in fact, be abandoned. Purchases and sales will come, so to speak, under one roof. That system of integrated support for the military was assigned the term "logistics." Adherence to a system of

control will be consistent—control in terms of both costs and in monitoring quality during selection.

How Are Things With the X-Trade Enterprise?

With the approval of the minister, the X-Trade Enterprise was prohibited from engaging in any kind of activity as of 13 February. In his order, the minister is disestablishing the contributory organization known as X-Trade, with the proviso that the time between 1 March and 30 June will represent a kind of liquidation period. Obligations and claims are to be handled by the founder after the enterprise is disestablished. A liquidation commission has been appointed. Deputy Minister Kalousek said that the reason for that step is conceptual and is based on past experiences.

"Under the new concept of management, we do not anticipate that the Army will have an exclusive relationship with any kind of organization, even if the Ministry of Defense were to be the founding organization. In this system, X-Trade has no place," said Engineer Kalousek, the deputy minister of defense. Just as a matter of interest, the deputy minister said that an analysis of the management practices of that enterprise over the past year indicated that there was never even any place for such an enterprise within the Army mechanism.

Capital Allocation in the Army

To our question as to how the sum of Kc1.5 billion will be distributed for purposes of capital improvements, we noted the following: The sum of Kc450 million is set aside for actual capital construction within the Army. The remainder, the so-called special-purpose appropriations, are currently part of the state budget law. They include appropriations for civil defense of Kc95 million, and investments necessary to transfer the aviation system will consume Kc400 million. An important allocation is the amount of Kc450 million set aside to complete construction of the Stresovice Hospital.

* New Types of Army Officer Studies Discussed

93CH0563C Prague A REVUE in Czech 18 Mar 93
pp 13-14

[Article by Colonel Docent Eng. Petr Nemec, candidate of science: "On New Forms of Study—Views and Findings Dealing With a New Form of Study at the Command and Staff Faculty of the Military Academy in Brno"]

[Text] *In this school year, the two-to-three-year postgraduate training of officers, which was initiated in 1980, is coming to a close. It is necessary to state today that, insofar as its content and form is concerned, this type of training has been overtaken by events—in view of the new requirements of the Army. At the same time, a new form of training for officers was initiated for midlevel and high-level jobs in three-stage academic courses.*

The first academic course (1 AK) prepares officers who have graduated from a military or civilian advanced school and have practical experience at the battalion, battery, or company level or the level of an independent battalion staff. The goal is to train them for service at the regimental level, at the level of an independent battalion, and to carry out some additional duties in staffs and facilities.

The higher academic course (VAK) represents the second level of education. A condition for admission is graduation from the 1 AK and appropriate practical experience. Students are preparing for some functions at the level of a brigade or a division, and for jobs at the level of military commands and at the Ministry of Defense. The higher academic course of the General Staff (VAK-GS) represents the highest degree of training for officers realized in our Army. In this course, students prepare to carry out the functions of brigade commander, division commander, and chief commanders, and command functions at the military headquarters level and, following practical experience at that level, even for jobs at the Ministry of Defense. Graduates of this course earn the added designation of general staff officer (abbreviated gso) to add to their rank.

Each course lasts 11 months. At present, training in the 1 AK and the VAK-GS course has been initiated. Studies in the VAK course will also be initiated in accordance with the requirements of appropriate commanders and directorate chiefs. The first findings based on the 1 AK course have shown, in my view, two shortcomings in terms of personnel work. The first is the fact that, in the years 1980-92, a large part of the officer corps undertook two-to-three-year postgraduate studies and never actually utilized the knowledge acquired in this study, for the most part. Their education was essentially superfluous. With the new systematization of education for appropriate jobs (commensurate to the concept of training professional soldiers, which is being prepared), however, in many cases their education was undervalued.

The second shortcoming is the fact that education did not become one of the principal conditions for appointments to jobs or promotion. Studies were undertaken by a sufficient number of officers who hold jobs for which the appropriate education is a prerequisite. What is then the motivation of these officers to study when they know that they are secure in their jobs? How does this situation affect others? Moreover, we know that, in practice—in other words, in assigning graduates to command staff functions—little consideration is given to study results. The recollections of those who remember that students were ranked in schools and that those rankings were used in job assignments sound virtually incredible. In the present situation, the effectiveness and the demands made upon teaching activities is also being substantially diminished. Of course, sufficient numbers of students make appropriate use of this fact.

In professional armies, it is unequivocally true that education is the irreplaceable condition for holding a

job, as well as for promotion to the planned rank. I ask why it is not possible to realize this under our conditions? The possible claim that we are dealing with a temporary transitory state in which the Army finds itself cannot be accepted because our Army was actually always in special circumstances.

In preparing the study courses, tasks connected with the application of Law No. 172/1990 Collection of Laws [Sb.] on advanced schools to conditions at the faculty were fulfilled. An academic senate was created and is made up of elected representatives of the academic community, there was a fundamental reconstruction of the scientific council, the statutes of the faculty were worked out and approved, and the admission of university lecturers and the appointment of professors is progressing in line with the new directives. A new dean was elected; deputy deans were appointed and, following competitions, new department heads were appointed. Competitions were also held for staffing instructor positions and have become a current part of all personnel work.

In processing the basic teaching documentation, changes were made in the content of instruction in the area of the military arts, in management theory, in the social sciences, in languages, in work involving computer equipment, and so forth. Despite constant changes, primarily in the military arts, instruction was successfully supported by study materials.

Serious and at the same time completely unnecessary problems involved the initiation of studies by officers. Despite the fact that General Staff Order GS No. 03/1991 was issued on time, applicants for study were not familiar with its provisions and did not proceed accordingly. I do not understand why this directive does not figure on admission testing of applicants. I believe that various types of tests, including admissions tests, must become a current part of the service by an officer. They must provide objective bases for decisionmaking regarding his future career but must also take into account any additional criteria. Then, it is also possible to even objectivize various personnel evaluations, which, as a rule, heap praise upon an individual but can be of little use in evaluating that individual's qualities. The individual departments have prepared their tests. The tests were to be made up of a specialized portion that is characteristic of the appropriate speciality, a psychological test to verify the creative capability of the individual, and a test of the physical preparedness, and were to include a personal conversation with the applicant, the goal of which was to acquire personnel data and provide the student with information regarding the studies. The resulting ranking in the individual specializations were then to be handed over to the appropriate commanders and chiefs as one of the objective documents to support their decision regarding the dispatching of their subordinates to attend the study courses.

All of those with whom I later discussed the intention to institute admissions tests later expressed their positive opinions regarding the need for such tests and the usefulness of them. Nevertheless, acceptance tests were not administered. Personnel orders to initiate study programs were frequently issued late and were inaccurate, something that meant we had to send applicants supplemental information regarding the beginning of study courses. There were even additional shortcomings. The fact that we did not know the number or quality of applicants for study meant that we were unable to realistically plan the instruction program. We were engaged in correcting the program only after the students arrived. Another shortcoming was the fact that, until studies began, it was not possible to come up with a complete solution of the financial support granted to students. Appropriate legislation was missing. The fact that they are sent to attend courses after being appointed to a job, and certain unclarity regarding financial support led to a curious case that is unprecedented, according to those who recall it. One of the students who held a relatively high-ranking job filed a complaint with the dean of the faculty. He demanded to be indemnified for the amount of money he would lose as a result of being admitted to a study program. That is why it is so important to solve the standing of students with finality.

But I did not bring up all this to complain. I wanted to point to the problems that have arisen and to contribute to their solution. I believe that the given situation came about because the Ministry of Defense is not consistently coordinating activities, particularly because it is not making use of initiative and does not delegate responsibility to lower levels of management that are fully familiar with the tasks and, as the initial executors, have a personal interest in the smooth progress of the operation. In part, the faculty is also to blame; it could have predicted the situation and could have improved its own information activities. For the next school year, some measures have already been accepted, together with other interested parties.

A few remarks regarding the immediate future of officer training at the faculty. For the 1993/94 school year, preparations were begun to handle studies as if they were still under conditions of a federal army. In view of the division of the state and the Army, it will be necessary to correct these plans.

The faculty will have prepared its teaching documentation and its study funds suitable for the initiation of any kind of study in all three of the academic courses. According to existing requirements, it is anticipated that study in the VAK course will be initiated with the following study goals in mind: combined arms training (mechanized and armored components), civil defense, military intelligence, antiaircraft defense, aviation, engineering, combined arms rear services, POL operations support, equipment support, geodesy and cartography, tank and automotive support, technical support, engineer aviation service, and sapper mechanical specializations.

In the VAK course, the following areas are being addressed: management theory, combined arms operations, quartermaster support, and engineer aviation service.

It is possible that studies could be begun in the VAK-GS course. Precise information will be listed in the directive by the commander of the General Staff, which will most likely be issued in January or February. Information regarding study in this course can also be obtained from members of the departments of the command and staff faculty of the Military Academy at Brno, either in writing or by telephone, upon personal request, or when on assignment.

I expect that the common effort on the part of interested components of the Ministry of Defense, the faculty, and those interested in course studies will result in better preparation and startup of the studies than was the case last year.

*** Effects of 12-Month Basic Military Service**

93CH0563B Prague A REVUE in Czech 18 Mar 93
pp 11-12

[Interview with Lieutenant Colonel Eng. Vaclav Hron, chief of the Personnel Replacement Group, and Colonel Eng. Tomas Kmjec, chief of the Warrant Officer and Officer Section, of the Higher Personnel Replacement Headquarters, Prague, by Lieutenant Colonel Stanislav Kotras; place and date not given: "Do We Have Enough Personnel?"]

[Text] *The performance of basic military service—in other words, the training of part of the male population to defend and protect a democratic state—is one of the questions that is surely of interest not only to those citizens who are materially interested directly, but also to the remaining citizens of the state. We spoke about some of the questions and problems connected with this topic with Lieutenant Colonel Eng. Vaclav Hron and Colonel Eng. Tomas Kmjec of the Higher Personnel Replacement Headquarters in Prague.*

[Kotras] The problem of filling up the ranks of the Army with recruits has hitherto been in the forefront of the attention of a portion of the male population twice each year. In conjunction with the shortening of the term of basic military service from 18 months to 12 months, personnel will obviously be added four times per year. How will this be reflected in your work?

[Answer] It is true that the contemplated and legislatively prepared shortening of the term of basic military service to 12 months will bring about the necessity to add personnel to the Army four times per year at the following times—January, April, July, and October.

I wish to stress that shortening the term of basic service is something the parliament of the Czech Republic has the right to decide on by modifying Section 27 of the defense law.

Supplementing the ranks of military formations four times per year will result in changes in the work at the level of local military administrations (MVS's) (at the okres military directorate (OVS), at the community military directorate (ObVS), at the municipal military directorate (MeVS)), and at the higher personnel replacement command (VDV).

At the VDV and at headquarters, which are superior to it, there will be changes in monitoring resources available for augmentation and in working up the various tasks involved in filling up the ranks four times a year.

At municipal military directorates, the tasks connected with personnel replacement will be broken down into four seasons, while approximately retaining the same number of replacement recruits. Moreover, this will require a still more consistent keeping of records on recruits.

Because of the possible curtailment of the term of basic military service, either in the Army of the Czech Republic or the Army of the Slovak Republic, the former Federal Ministry of Defense decided to call up the necessary number of recruits, who would start their terms of military service on 5 January 1993.

In the event that the legislative body decides to shorten the term of basic military service to 12 months, the Ministry of Defense of the Czech Republic is preparing a proposal to proportionally reduce the term of basic military service even for those who are currently in the military.

Here it is necessary to note that, by shortening the term of basic military service to 12 months for everyone who is obliged to perform this service, any inequality before the law will be eliminated. I see this inequality in the fact that, today, graduates of advanced schools are obliged to serve 12 months in basic military service, and other recruits must serve 18 months.

[Kotras] Can you indicate the kind of difficulties you encounter each year in filling up the ranks of units and facilities with new soldiers in the basic service? How do you collaborate with military formations?

[Answer] Those problems can be divided into two groups. The first group includes those that result from the failure of potential draftees to register with their local military directorate. That is a duty spelled out for them in Section 51 of the defense law. That failure is mostly based on the start of college studies, the continuation of extension studies, family and social problems, and changes in the health status as a result of the failure to notify authorities of foreign travel. Resolving those problems after the call-up order has been received makes the work of the local military directorate more difficult, causes unnecessary bitterness among draftees, and, in its final consequences, results in the failure to fill up the ranks of military formations. The second group of problems results from the level of cooperation between the

local military directorate providing the supplemental personnel and the military formation being filled up.

For purposes of verifying the selection of draftees eligible for assignment by the MVS, the Ministry of Defense and the various military headquarters give full power of attorney to representatives of military formations (the honor guard at the castle, special formations).

The municipal military directorate has a specific deadline, by which it must dispatch the name lists and personnel files of draftees to the military formations being augmented. The latter are then obliged, within 14 days following presentation, to send a copy of the name list, stamped with a round stamp and signed by an official, to the augmenting MVS.

Under the current system of personnel replacement, when quality indicators pertaining to the draftee are decisive (profession, special-interest activities, height, and so forth), some MVS's provide personnel for even 20 or more formations. Obviously, the MVS can then not cooperate with any of the formations in any other way than that which is set up for them and which I have mentioned above.

If the receiving unit does not indicate on its copy of the name list whether a recruit has joined the ranks, if the unit does not stamp this name list with a round stamp and have it signed and sent to the appropriate MVS within 14 days of having received it, no one is able to judge whether the draftees listed in the name list have joined the ranks, and the MVS must determine this fact in retrospect by checking with the unit.

On the other hand, investigators from the military circuit Prosecutor's Office, in the event they are handling cases of suspected criminal offenses based on failure to perform service in the armed forces according to Section 269 of the Criminal Code, criticize officials of the MVS for doing nothing to ascertain the reasons a draftee did not join the ranks to begin serving his term of basic military service.

[Kotras] A number of commanders of military formations have expressed the opinion that it would be best for them to have a stable circuit of okres military directorates (OVS) from which the formation could draw its replacements. How are actual replacements being handled?

[Answer] I agree with the views expressed by the commanders and fully support them. Under the current system of personnel replacement, consistent priority is given to quality indicators pertaining to recruits (qualification, status of health, special-interest activities, height, and so forth).

On the basis of its knowledge of individual draftees, the MVS puts together a document indicating the number of draftees that can be called up approximately six months before this call-up. In this document, each draftee is

categorized in accordance with approximately 40 indicators. During the same time period and using the same indicators, the military formations work up their requirements for replacement personnel. These documents then come together with documents at the military headquarters and the Ministry of Defense that assign tasks for personnel augmentation to the individual VDV, calling for adherence to draftee quality indicators and taking into account the requirements of the military units for territorial personnel augmentation. In maintaining quality requirements, the MVS's that are involved in supplementing the personnel of a considerable number of formations, even though they may supply only a few draftees...

I believe that, in establishing stable units for personnel augmentation by at least the higher personnel replacement command, a suitable compromise could be found between quality indicators for replacements and the number of draftees available for replacement.

[Kotras] We know that the experiences involving the performance of civilian service thus far have not been the best. What opportunities are available to those individuals who will not wish to enter basic military service this year?

[Answer] Law No. 73, dated 1990, made it possible for citizens who are prevented from the performance of basic military service on the basis of their religious faith or moral conviction to perform civilian service that is six months longer than active military service. A declaration refusing to perform military service could be filed by both draftees and soldiers performing basic military service, as well as by soldiers in the reserves at any time. In view of the fact that a citizen was not required to document any of the reasons listed in the refusal and because it is impossible to verify them in any way, the law was frequently misused, and a minimum of 50,000 men left the Army or failed to enter basic military service. It is clear that the possibility to file a declaration at any time was causing serious problems in filling up the ranks of formations and thus affected their combat capability. For this reason, the Federal Assembly adopted a new law on civilian service, which became effective with its publication in SBIRKA ZAKONU on 16 January 1992 as Law No. 18/1992 Collection of Laws [Sb.]. According to that law, the following can file a declaration refusing to perform basic military service:

- a) Draftees—at the latest within 30 days of completing induction proceedings.
- b) A draftee who was permitted to defer his basic military service—at the latest, five days upon the termination of the reasons for which the deferral was granted.
- c) A soldier on permanent leave—within five days following the termination of the reasons for which he was granted permanent leave.

- d) A soldier in the reserves—during the period from 1 to 31 January of the calendar year.

Civilian service, which a citizen is obliged to perform on the basis of a refusal to perform basic military service, is six months longer than basic military service for a draftee and a soldier on permanent leave (VTD). For soldiers in the reserves, it is half again as long as the duration of military training exercises in which they did not participate.

The call-up order for civilian service is issued by the appropriate okres (circuit) office. That office also handles any possible deferral, interruption, or exemption from civilian service.

In Section 7, Law No. 18/1992 Sb. establishes a duty for organizations in which civilian service is performed. By adhering to those duties, they must establish such conditions that would prevent the development of unjustified advantages for the citizen performing civilian service in that organization over those individuals performing basic military service.

[Kotras] The final question will deal with career soldiers, who form the foundation for our semiprofessional Army. Many of them have departed in recent years into the reserves, people are aging, and the number of personnel in the Army is being reduced. Nevertheless, it is certainly necessary to augment the Army on an ongoing basis through the addition of young professional soldiers. What place in this system of personnel work is occupied by your personnel replacement command and your subordinate components?

[Answer] At the present time, one of the decisive tasks for the VDV and its subordinated MVS is the personnel augmentation of the armed forces. That is also stressed in the proposal covering the jurisdiction of the VDV, as issued in 1992. On the personnel side, the task is secured by the fact that the VDV has charged two officers with that activity, and one officer handles those activities at each of the local military directorates. Those officers were appointed to those jobs primarily on the basis of their specialized military experiences, their extensive knowledge of the military educational system, and their capabilities to provide those interested in studies with complete information on all types of military schools.

Those officers must also provide future students and their parents with well-founded information on how a graduate of an appropriate military school will be utilized after joining a unit and a facility of the Army of the Czech Republic.

The job of the VDV is thus to channel the activities of subordinate local military directorates in performing their recruiting activities and the selection of applicants for study at military schools, and in the direct recruitment of applicants from the reserves to perform official service as a professional soldier and for other service. Local military directorates fulfill those tasks in the territory of their jurisdiction. They cooperate with

organs of the local administration, with the schools, with psychological counseling services, and with others. Their activities are no longer connected with any kind of stereotypical pattern and restrictive regulations, as was formerly the case. Increased demands are now made on the independence and initiative exhibited by officers responsible for recruitment. Those factors result in the creation of favorable conditions for the application of informal measures designed to inform potential applicants and their parents. It is interesting that, after rescinding all formerly ordered measures, interest exhibited in studying at military schools on the territory of Prague in 1992 did not diminish; on the contrary, it increased.

The fact that in selecting candidates for study at military schools the viewpoint of the quality of the future student was unequivocally asserted as of 1989 can be considered a positive factor. That fact has penetrated into the consciousness of the public. If the remaining portion of the answer contains certain evaluations and recommendations, they must be judged not only from the general standpoint but also keeping in mind the specifics of the city of Prague. Even on that city's territory, there are differences in conditions and in the results of the selection of candidates to study at military schools.

The interest in studying at military schools is subject to various influences, many of which cannot be influenced by the activities of the VDV and the local military directorates. That entire area would surely be deserving of a comprehensive analysis. The topical conclusions of that analysis would be very valuable in terms of both the activities of the VDV and the MVS. Another condition for effective recruitment activity under current conditions is solution of the concept of Czech military education, the resulting location of military schools, and, of course, even the establishment of conditions for study courses. It is equally important to know how a graduate of a military school can apply his capabilities and knowledge, where he will serve and under what conditions, and what his perspectives are for the future. In view of the rapidly changing conditions in the Army and taking into account the anticipated changes, it was not always possible at the end of 1992 to provide information to the extent desired.

The higher personnel replacement command and the municipal military directorate are prepared to react flexibly to the newly developed situation in the Army of the Czech Republic and to support the augmentation of the officer corps through high-quality applicants for study at military schools.

* Evaluation of Defense With No Army

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pp 44-45

[Article by Milan Sladeczek and Karel Stepanek: "Defense Without an Army?"]

[Text] In the fall of 1992, we managed to get our hands on a publication issued by the NADAS Publishing House, with the eloquent title of "*Obrana bez armady* [Defense Without an Army]." It deals with the problematic security of small European countries and, as a result of its content as well as its "advice," is directly aimed at our country, or, rather, at our two countries today—the Czech Republic [CR] and the Slovak Republic [SR]. With its content and its undoubtedly unconventional approach, it was of interest to a certain portion of the publicists, political scientists, military theoreticians, and economists. Of what does the unconventional approach consist? It is based on the analytical design of several theorems: The classical threat that was represented by the former USSR, pursuing a traditional expansionist policy (here, even more undistorted paraphrases replace the long quotations from the above-listed publication), including the occupation of foreign territory by armed might, does not exist.... The expansionist policy through the use of armed force, which has lost its meaning, is replaced by another—"economic force," with the assistance of which democratic systems tend to solve mutual conflicts.... International policy was and remains a struggle for power that is taking on new forms today, and, in this area, increasing importance is primarily enjoyed by professional "negotiators...." For our countries, many new opportunities are opening up in terms of how the influence of our "weakness" can be mitigated through the aid of an intelligent foreign policy.... After the end of the cold war, everything is changing and yet remains as it was, and the European countries are confronted by the task of channeling the disintegration of the old system toward a successful end without ending in chaos and, at the same time, of reshaping the wreckage of the former European order as rapidly as possible into new viable structures.... Europe stands before the double challenge of "disintegration" and "integration...." The framework for assuring European security is formed by the CSCE (hitherto without internal cohesion), and NATO is no longer a guarantor of security and stability in Europe (see the events in the former Yugoslavia) and is moreover facing an additional competitor in the WEU [Western European Union], and so forth.... (So much for paraphrase.) All of this provides vast associative opportunities to make further and further logical constructions.

Such a dissected analytical framework then completes the picture of any possible security risks and threats. In the publication, the fact that a possible attempt by the United Nations to "insure itself" against any possible risks in security policy is said to clearly exceed the opportunities at the disposal of East European policy because the region of the former USSR finds itself in a risky phase and remains a big unknown in international policy.... The foreign policies of the remaining East European countries will thus be more obscure than reliable.... The most serious reason for possible tensions in the central European area is considered to be primarily nationalism (within difficult-to-define borders),

where differing spiritual and cultural traditions divide the European Continent into two separately disposed areas.

The likelihood of conflicts then stems from the following attributes, which have been defined by the author:

1. The processes of economic stabilization and any political destabilization connected therewith will be reflected in nonparallel and frequently contradictory economic and political interests by the new democracies and will lead to disputes.

2. Organizational and spatial regrouping within and among individual East European nations brings destabilization with it.

3. A chapter in and of itself is the development in the former territory of the USSR.

Following this "philosophical-analytical fog," it is deduced that actually in Europe there are no enemies in the military sense of the word and that all threat must be sought in the consequences of the economic instability of the former communist bloc. The newly formulated military doctrines (he has in mind Poland, Hungary, and Czechoslovakia), which require preparedness for all eventualities, thus lose any real meaning, according to the author, irrespective of the fact that a small state is not capable of bearing the costs of maintaining and modernizing a traditional defensive system. Moreover, in such a society, the armed forces do not exactly enjoy a great deal of respect. This leads to the illusion of defense preparedness by a small state through the use of its army, which has no chance in the face of a stronger (even though undefined) enemy anyway. And, as far as the consequences of a possibly large exodus by refugees from the east and intervention against terrorists and foreign criminal gangs is concerned, the author feels that police units on the basis of a militia can just as successfully intervene against those forces as can the traditional armed forces.

Allegedly, then, we have no choice but to decide between three fundamental possibilities:

- a) Embark on the road toward union.
- b) Give up on defense.
- c) Seek innovative solutions.

This is connected with rejecting and justifying additional possibilities, such as neutrality, which costs money anyway and which must moreover be guaranteed by the superpowers. In other words, it is unrealistic, which is true. Such unions as, for example, NATO and WEU do not want us for now, and the reasons are convincing. (However, we cannot resist the feeling that the positions for rejection by NATO of the future security of Europe and our state, as listed in the publication, have the distinct odor of the idea that "if we have no Warsaw Pact, we should not have even any NATO"). To create some other kind of military defensive union, say on the

basis of Visegrad, is not to the liking of anyone, and none of the participating countries see any real sense in it. And so, according to the author, there is nothing left for us but to seek innovative solutions. The general goals of security policy in this case are considered to be the following: economic prosperity, internal political stability, thrifty and effective defense, and, finally, ecological renewal. Of these goals, the one calling for a thrifty and effective defense is primarily the problem.

This defense, according to the author, consists of a radical reduction in the number of the armed forces and is completed by the ideas of theoreticians: Brassolt (antibattle), Spannocchi (defense without self-destruction), Afheld (technical special forces), Mueller (security for Europe), which essentially culminate in a proposal for the application of a defensive model, which should represent a network of small "technical commands" (each with about 15 men, armed with small arms, including antitank and antiaircraft weapons, with small mortars, with "smart" land mines, with mockups, with smoke canisters, with radios, and so forth, which would have some kind of vehicle for transportation, would have enough motor fuels for about 600 km and food for eight to 10 days). Such units would be deployed all over the territory of the state, with an "operational" radius of approximately 20 square km. Under such conditions, the CR could manage with an army that has a total strength of approximately 15,000 men, plus, as required, approximately 200,000 members of the mobilized militia (!). The existing army should be disbanded (should not exist).

Under present conditions, when our state is "looking for" money wherever it can, where actual aversion exists with respect to the Army, where an enemy cannot be clearly identified, where only hypothetical opponents pose a threat and constitute possible danger, and where it is possible to only estimate the risks involved with conflicting consequences, every thinking citizen who is even slightly economically minded will welcome such an offer. After all, the Army is actually a monster that is weakening and exhausting the state economy. Perhaps it is not necessary to expand on this question. It is only necessary to think several "minor points" through to the end: Who might manage to command such an army, which is essentially a guerrilla army with responsibility? Such units can be used (or misused) at any time and against anyone! If we even only marginally visualize the situation in the former Yugoslavia (where Slovenians as well as Croatians and Serbs were swearing on their souls that they were nations of culture when they were striving for foreign assistance and credit) or that in Afghanistan, Angola, Somalia, and so forth and what "local" commanders could "accomplish" and how difficult is it to maintain a cease-fire, which may have been agreed upon with difficulty for the 10th or 20th time, we must get the shivers up and down our spines if we consider what could happen in such a situation. Or is it perhaps not necessary in our country to fear racial-, ethnic-, or nationality-based unrest? Do we close our eyes to such

unrest in a cultural Germany? Do we forget the tensions involving the Gypsies in northern and western Bohemia and in the Ostrava region? Don't skinheads and anarchists and various other radicals show up in our country with abbreviated proposals for the solution of complex political, economic, and social problems?!

The question also remains as to who will train such large reserves for the militia and who will organize and direct their combat commitment and their overall activities, and so forth, and so forth.

It is beyond dispute that the development of an independent CR and an SR create new and different geopolitical and geostrategic positions for both republics. The complicated political and economic situation carries with it considerable dangers and risks. Damage of such giant proportions in the former Yugoslavia and other countries hit by civil war far exceeds the expenditures for regular armed forces, which could prevent such destruction.

It is also beyond doubt that we shall have to resort to a radical reorganization and redistribution of the Army. We shall have to provide it with special-purpose equipment and significantly reduce its numbers in comparison with the situation as it exists today. But the time has not come for us to be able to realize the vision of a "modern army," which is presented to us by the author. The cost of such an "army" would be "a pittance" in comparison with the present one, but its effectiveness in case of an armed conflict would be just as elusive in averting any possible risks. We believe it would be cheaper than not to have such an "army" at all because the so-called thousand small bayonet thrusts (the individual commands of which the author speaks) and nothing more amounts to virtually the same thing. We also believe that the author of the publication "Defense Without an Army" is embarking upon doubtful speculations and supports his contention with the use of military theoreticians, who have been rejected in the Federal Republic of Germany and in other Western countries. Their opinions and bold proposals and recommendations, together with the recommendations by the author of the publication, have one thing in common: They can speak and write whatever they wish; they have no responsibility for the defense of our country! Their theories might be interesting, but that is where things end. For practical purposes, they are worth nothing.

In Europe, thus far, no one who knows what is involved in directing and training an army was willing to take such a step—not even such a politically and economically stable and traditionally neutral country as, for example, Switzerland or Sweden. To have an army today—and this does not indicate some kind of military lobby—this we never had here. We have only sad experiences, based on the fact that our political leadership (the international political situation, the consequences of the "alliance," particularly under our conditions) failed to make use of the expensively established armed forces to preserve freedom and sovereignty. In this connection, however, it

is not possible to identify the preparedness and the mission of the Czechoslovak Army of the 1930's with the army of 1968. And today, in the event of a hypothetical conflict (given a completely new internal political and foreign policy situation), to cast doubt on committing the Army by referring to "history" is out of place and bad. Under the present conditions, new opportunities are opening up for us to support freedom, sovereignty, and economic prosperity, and we cannot afford, at the very beginning, to hazard the development of "techno-commands."

In conclusion, the author of the publication and Dr. Petr Tax (in his introduction) point out that he who recently claimed in Prague that a defensive model of defense is something tantamount to the return to a bow-and-arrow defense was wrong. We do not know whom they have in mind. We do know, however, that, at the international seminar at Benesov near Prague (June 1992), which was devoted to questions of integration by the states of Central and East Europe into European security architectures, the following point was made with respect to the problems besetting military strategy in our country: "In a situation where all surrounding countries—and not only those surrounding—maintain regular armies capable of conducting contemporary operations, the adoption of an alternative strategy is to place the Army and the state in the role of Abyssinia, which, midway through the 1930's, confronted the aggression of the then modernly equipped Army of Fascist Italy with spears and bows and arrows. And we do not believe this is an inaccurate comparison."

*** Prague Stock Market Opens; No Stock Available**

93CH0561D Prague HOSPODARSKE NOVINY in Czech 5 Apr 93 pp 1, 3

[Article by Marcela Doleckova: "Prague Stock Market Opens for Business"]

[Text] Tomorrow, eight recorded stocks can become the subject of trading on the unlisted (secondary) market of the Prague Stock Exchange, which will officially begin its operations.

The first trading, both in extent and type of stocks, as well as in frequency of trading (for the time being, once a week, every Tuesday), must extend a few more steps before the stock exchange becomes a full-fledged stock market. The deputy general secretary of the Prague Stock Exchange, Jiri Ber, very briefly answered the question of when the trading will begin on the listed (main) market with, "When there is something to trade." Anyone issuing stocks who has hopes for the listed market must first turn to the stock exchange committee for listing, and only it can accept the stock for such trading. Or it also may not accept it. If this second eventuality occurs (which means that the issuer did not meet all of the very demanding requirements for first-class papers), one can try again with the committee for listing but only after a

year. Because of this time limit, every issuer and businessman is cautious, the more so because, before the law on bankruptcies is released, the situation is quite demanding, and no one qualified dares to estimate the soundness of a stock company. Despite this, Jiri Ber is convinced that some stock companies are already preparing to issue shares. J. Ber excuses his obvious unwillingness even to indicate which companies these might be by saying that it is a matter for the businessmen, and that none of them want to reveal their intentions beforehand. The businessmen's caution is understandable in the current situation because no one would want to go into the market with an issue in which there was no interest. Despite all of the uncertainties, however, J. Ber concludes that a listed market will go into operation soon, most certainly during the year. It appears that the first listed papers will be the new state bonds.

A businessman likewise has to register a paper on the unlisted market but, in contrast to the listed market, the committee for listing stocks does not approve it but, rather, within one week of the announcement, can raise an objection to it. If it does not do that, the paper will be traded—obviously, only if someone shows an interest in it. If that does not happen, it remains in the data base for the market and is offered on the next trading day. However, if it runs into total disinterest over a longer period, it will be pulled out of the inventory of the stock exchange.

In accordance with the law, the stock market is founding a limited liability company—the Stock Exchange Register of Stocks. This register will serve to settle stock market operations (delivery versus payment). The software for these operations, however, will be put into operation only in May. Until that happens, within three days after the trading day, the changes will be entered in the accounts of the stock exchange members. In the meantime, the settlements will take place without a computer but, because the volume of trading will be comparable with the former temporary secondary market, it will not be such a great obstacle. For the time being.

*** Klaus Pessimistic on Private Trade With Slovakia**

93CH0561A Prague SVET HOSPODARSTVI in Czech
19 Mar 93 p 1

[Article by (jef): "Slovakia Has Both the Key and the Czech Money in Its Hands"]

[Text] "We have a market mechanism. The basic systemic changes have already been carried out," Prime Minister Vaclav Klaus assured the participants of the recent general assembly of the Union of Industry of the Czech Republic [CR]—and, he emphasized, very successfully. He reacted thus to the comment by the president of the union, Stepan Popovic, that we are now gradually creating a market environment, with which he introduced the prime minister to the proceedings of the

general assembly. Vaclav Klaus answered, in turn, the questions concerning the basic current problems in the business sphere: the rate of privatization; the claims abroad, which are difficult to recover; and the law on bankruptcies.

A new and, thus, the most pressing problem of the Czech enterprises is connected with the division of the federation, the breakup of the Czecho-Slovak currency union, and the ineffectively functioning customs union. According to Klaus, the government is attempting to maintain maximum economic contacts with Slovakia, but the situation in the past few weeks has not filled the prime minister with optimism. The inability of a number of Slovak enterprises to make payments abroad by the end of last year had reached a sum fluctuating between 20 and 25 billion korunas [currency not specified], of which three-quarters of the shortfall (about 17 billion) is related to trade with the CR. It is clear, said Klaus, that Slovakia cannot finance this deficit. In his opinion, Slovakia is not capable of meeting the debts in its account by increasing exports, and the other possibility is to decrease imports. There is no known case, however, as V. Klaus remarked, where a reduction in imports did not simultaneously lead to a reduction in exports. Mutual Czecho-Slovak trade will thus enter a vicious circle, from which only the Slovak Republic [SR] itself can find a way out.

The Czech Government does not have a practical possibility for effective aid to the enterprises in extracting the assets frozen in Slovakia. The prime minister rejected the alternative of unilateral actions in the sense of administrative limitations on exports to Slovakia. "We are looking for a consensus solution," said Klaus. "It is possible to stop the deliveries, but it would be counter-productive."

According to governmental estimates, a 10-percent reduction in mutual trade will cause a 1-percent reduction in the gross domestic product of the CR and a 2-percent reduction in the HDP [gross domestic product] in Slovakia. These dynamic effects are far more serious than are the static problems—for example, with the division of the federal property. "For us, it would be better to send this money to Slovakia, to write it off here, and to let you function normally," said Klaus to the representatives of Czech industry who were present. "It would be the most advantageous thing to do in its dynamic effect, but I could not explain it to anyone from a political standpoint."

He allowed that there might be a banking solution—of course, only a temporary one—which would "provide breathing space." At the same time, he passed on information on his negotiations with the European Bank for Reconstruction and Development on the possibility of establishing Czecho-Slovak trade banks. Supposedly a similar Hungarian-Romanian institution is already operating with the EBRD.

According to Prime Minister Klaus, the government will not prevent even the capitalization of the claims of Czech firms in the SR, but the conditions for this have not been created by the Slovak Government. "They have little room for maneuvering now, but it is a suggestion," said the ministerial chairman. According to him, the SR Government, with time, will clearly discover that the only way open to them is to let foreign capital—and this means Czech capital as well—into their economy.

The prime minister rejected the partial responsibility of the Czech Government for the current claims of the Czech enterprises on Slovakia, which is defined first of all by its assurances of the permanence of the currency union and, finally, by its early and sudden separation of the currencies, with his statement that the validity of the payment agreements does not expire along with the disappearance of the currency union. At the same time, he remarked that the currency union broke up not as a consequence of internal reasons but, rather, as a result of speculation against the hard-currency reserves of the state.

He also rejected responsibility of the government for the claims frozen in the former USSR. As he noted, the enterprises continued in their exports even after the government warned about the inability of their Soviet partners to pay. As V. Klaus pointed out, in place of the existing attempts at a bilateral solution, it would clearly be wiser to join with the Paris Club and carry out further negotiations from this broader platform. "I would not harbor any illusions that there is going to be some kind of a surprise and that there will be rapid positive changes in Russia. I believe that Czech industry is strong and capable of surviving," said Vaclav Klaus. The prime minister gave the representatives of industry no concrete hopes of any kind of compensation for claims in the developing countries or for losses caused by UN embargoes.

"The government is resolved to carry out an accelerated transformation," said Klaus on the question of the tempo of privatization. He expressed his conviction that the second wave will begin this year in the summer. The government will not prevent the sale of enterprises to management, but one should not expect any special preference to be given to this method.

Putting the law on bankruptcies into effect should not be delayed any further. The law must spark a curative process in the economy. According to the prime minister's information, at the current time, a three-month protective term is being worked out, and that should be the final modification.

Vaclav Klaus also confirmed that the government will be dealing with the situation of the individual important enterprises and is not renouncing even aid to them. It will, however, be tied to restructuring programs. "That is the sole industrial policy of the state," said V. Klaus. However, there should not be any favoring of certain enterprises over others. Foreign capital will also not be

favoring. "We are the sole postcommunist country carrying out this policy," emphasized the ministerial chairman.

*** Czech-Slovak Trade Important to Economic Stability**

93CH0561C Prague *EKONOM* in Czech 7 Apr 93
pp 15-17

[Interview with Eng. Eduard Soucek, C Sc [Candidate of Science], by Irena Satavova; place and date not given: "Czech-Slovak Trade, an Important Factor for Economic Stability"]

[Text] The Czech Statistical Office [CSU] presented the first general data outlining the development of the Czech economy in 1992 in mid-February of this year. The final evaluation of the results achieved can only be carried out by June on the basis of the completion of work on balancing the accounts, which will make it possible to evaluate precisely the share of the individual branches and sectors in the creation of the gross domestic product (GDP) and the method of its utilization. Nevertheless, on the basis of the data available to date, the chairman of the CSU, Eng. Eduard Soucek, C Sc [Candidate of Science], characterized the past year of 1992 as not normal from an economic standpoint. Why? That was the first question in our consequent interview.

[Soucek] The term "not a normal year" came to me when we tried to explain the features of the way it behaved in evaluating the development of the statistical indicators for the past year. It turns out that the extraordinary nature of its economic features was influenced mainly by the following factors: —The preprivatization paralysis of management of those enterprises that had lived through a phase of waiting for a change in the ownership relations and therefore had put off a number of curative steps in the utilization of production capacity, employment, and capital investment.

—The preparation of reform of the tax system, which, already in August 1992, had brought the first significant price increases (in tobacco products, alcohol, and, later, gasoline). Toward the end of the year, it moreover came to various speculative payments and movements of goods by which the enterprises tried to get the jump on the less advantageous tax situation for 1993.

—During the course of 1992, the monopolistic structures of some branches, especially the foodstuffs industry and the enterprises in the wholesale network, demonstrated several times how easily they could still affect prices and the inventory of goods supplied and cash in on the effects of their monopolistic position.

—The expectation of the breakup of the state into two independent republics showed up in the fluctuations in the populace's savings levels, the extent of trade exchanges between Czech and Slovak enterprises, and the creation of hard-currency reserves.

All of this resulted in various ways in the fluctuations of several indicators and explains the conflicting behavior of data on financial management, the volume of production, employment, and energy consumption.

[Satavova] Despite this, the decline in the index of the GDP in 1992 as compared with 1991 of 7 percent, especially the slowing down of the decline in the first two quarters of this year and the slight growth in the other two quarters, is considered to be a significantly positive element of the development.

[Soucek] Yes, but, at the same time, I would like to point out that the first statistical data on the annual value of the GDP are based on the statements for organizations with over 25 employees and estimates on the results for small companies and private entrepreneurs. The risks of those estimates grows with the level of nonconventionality of the economic situation and the instability of the developmental series.

The 7-percent reduction in the creation of the GDP as compared with 1991 represents a value of Kc [Czech koruna] 30.6 billion in constant prices. All of this loss took place in the first half of 1992, so the statement that the second half of the year was more favorable than the first is right on the mark. At the same time, however, the characteristic feature of the economic development of the CR [Czech Republic] last year was the changing contribution of the individual branches in the creation of the GDP; the reduction in coordination of the activities of industry, trade, construction, and agriculture; and the freezing up of the aggregate investment activities below the boundary of simple reproduction.

[Satavova] Do the data for the first month of 1993 also confirm the stability of the favorable trend from last year?

[Soucek] A certain sobriety in viewing the statistics of economic development is always appropriate. The results for January of this year in industry and construction are below those of last year—industry by 3.6 percent and construction even by 19.1 percent. I would point out here that January 1991 was extraordinarily bad for industry. In construction, there is a loss of momentum especially in the big organizations.

[Satavova] Let us get back to the results of last year. Could you comment on the developments in the main branches of our national economy?

[Soucek] The decisive branch of the Czech economy, industry, finished 1992 at a level of 89.4 percent of 1991 and a level of 69.5 percent of 1990. The tendency toward less favorable results continued at enterprises of the processing industry, and there was a strengthening of the share of the energy branches and other branches demanding materials.

The share of production for export ranged in the area of 20 percent. The export activity was significantly above average for manufacturers of transportation equipment

((34.5 percent), textiles and confections (36 percent), and metals and metal products (28 percent).

Construction has adapted to the conditions of the market economy the most rapidly, partly by establishing a large number of small private firms and partly by a more flexible reaction to the supply of their services for modernization and reconstruction of the entrepreneurial plants and housing, both houses and apartments, as well as for the export of construction services. It is estimated that about one-quarter of all foreign firms investing in the CR are participating in construction. The growth in volume of construction works from one year to the next is 22 percent. That is accompanied by stability of the overall employment and has come to this despite the stifling of apartment construction and the reduction in the number of large-scale construction projects to one-fifth of the earlier status.

[Satavova] Last year, construction showed the most favorable results, which is all the more pleasing because that branch is known as the locomotive for the overall economic revival. At the same time, however, we speak of a freezing up of the aggregate investment activity below the boundary of simple reproduction. Are those statements not contradictory? How do you see a way out of this situation?

[Soucek] The favorable results in construction were mainly for small enterprises offering a wider range of services, starting with small construction modifications, taking care of repairs or electrical installations. Those activities do not represent any significant investment activity. In the meantime, in the second half of last year, there were not enough state bonds issued to finance housing construction to even be noticed.

Another limiting factor is the continuing complicated income situation of enterprises in industry and agriculture. The number of organizations showing a loss grew. In the large enterprises, the preprivatization waiting continues.

[Satavova] In evaluating the individual branches, we cannot forget about agriculture, where the problems with the transformation have shown up most sharply.

[Soucek] The coincidence of several factors contributed to the decline in crop production as compared to 1991, including unfavorable climatic conditions, which, together with limited expenditures on fertilizers and chemicals, reduced the yield per hectare, and the adjustment of the area sown in keeping with the reduced demand. To give you an idea of this, for example, the overall decline in the volume harvested for grains was 16 percent, as compared to 1991, accompanied by a reduction of the area sown of not quite 2 percent. The lack of interest in flax on the part of the producers and the market was noticeable, inasmuch as the area shown in 1992 was reduced by almost 40 percent.

Livestock production is living through a difficult period of adjusting the supply and demand and dealing with the

consequences of price cuts on both the domestic and the foreign markets and at the agricultural producers.

In 1992, we did not see an end to the shifting of financial resources between agricultural primary production, the foodstuffs industry, and trade. According to the balance sheets on the accounts, the losses of the state and cooperative agricultural enterprises in the final statements range in the area of Kc13 billion.

[Satavova] One aspect of the economic development is the material outputs achieved. Another is their reflection in actual value of income, consumption, and wages for the populace. Let us now take a look at them.

[Soucek] The growth in overall income for the populace in 1992 (an interyear index of 118.1) exceeded the growth in the price level (an index of 111.1) and created the prerequisite for an increase in real income of 6.3 percent. The so-called other income category—that is, income from the sale of hard currency, from loans, from entrepreneurial activities, and from restitutions—made the most significant contributions to the growth in income.

The average wages in the national economy grew to Kc4,677 and, after recalculating for a fully employed worker, even to Kc4,830. The percentage growth in average wages as compared to those of 1991 fluctuates in the area of 22 percent, with the lowest for agricultural cooperatives (13.7 percent) and the highest in finance (56.5 percent).

The public knows the basic data on the price developments in 1992 thanks to the regular statistical reports on the status of inflation, but also thanks to the various price surprises, which always spark an appropriate reaction in the press, the government, or the trade unions. We will therefore mention only some of the accompanying phenomena of the price developments.

First, we have the relationship of the price changes to the household budgets. According to the statistics on household accounts, the price developments in 1992 increased the cost of a shopping basket for a retiree the most (by 13.3 percent). The other social groups are roughly 2 percentage points better off there. The average household felt mainly the growth in costs for services (about 17 percent), in which the costs for transportation and communications grew by approximately 25 percent and that for housing by 19 percent.

Price statistics show that it cost the most to live in the okreses of the western Bohemian and northern Bohemian border areas, where the price levels for foodstuffs exceeds the Republic's average by 10 percentage points. Of course, Prague is in the same category, as is Brno, although it is not quite so bad.

The impact of inflation on the household finances should be cushioned by the deposit interest rates of the banks and the savings banks. However, last year they instead contributed to the loss of value in the population's savings. It suffices to note that, while the average annual level of inflation in 1992 amounted to 11.1 percent, the average level of interest on deposits ranged around 6.5 percent. This noticeably negative influence likewise appears in the specific situation of providing goods and services which does not make it possible for the consumer to make use of the normal advantages of the market, that is, choosing from a variety which is in keeping with his financial abilities and which places the least burden on his household budget.

[Satavova] The CR's economy is very sensitive to the ups and downs of foreign trade. Currently this fact is made even more significant by the importance of the mutual exchange of goods between the CR and the SR [Slovak Republic]. Are the mutual flows of goods and services captured by the statistics?

[Soucek] The turnover in Czech foreign trade in 1992 reached Kcs [koruna] 481 billion, which is 8.8 percent more than in the previous year. This does not include the trade between the CR and the SR; in 1992, that was characterized by a significant reduction in volume in comparison to 1991.

Exports to the SR dropped by 8.3 percent, and imports from the SR fell by 16.9 percent. The more rapid decline in imports caused a growth in the positive side of the mutual exchange account by almost double in favor of the CR. The mutual volumes of deliveries between the CR and the SR, even despite the decline mentioned above, was still high in 1992. The exports to Slovakia make up roughly 30 percent of the overall exports from the CR, and the imports from the SR represent about one-fourth of overall Czech imports. In both cases, that means the highest share of all the countries with which the CR trades.

About one-third of the Czech exports to the SR are made up of energy, coal, and metallurgical materials. On the other side of the scales, we have roughly the same volume of imports of petroleum products and chemical products from the SR. The uneven trade balance (see Table 4) in the CR's favor is in the mutual trade with finished products and services.

Currently, trade with the SR has become a significant factor of economic stability for the CR. According to estimates of the CSU, for example, a reduction of the extent of exports of our goods and services by a half would reduce the growth rate of the GDP by 2 to 3 percentage points, with an appropriate reflection in the development of industrial production, the degree of inflation, and the level of unemployment.

Table 1
Development of the CR's GDP in 1991 and 1992 (in constant prices)

Quarter					Year
Index	1	2	3	4	
1992/1991	79.7	89.9	100.4	103.8	92.9
1991/1990	98.9	86.6	85.8	74.1	85.8
1992/1990	78.1	77.9	86.1	76.9	79.7

Table 2
Development of Gross Agricultural Production for 1991 and 1992

Index	1991/90	1992/91	1992/90
Gross agricultural production as a whole	91.1	88.2	80.4
Of which crop production	97.0	86.0	83.4
Of which livestock production	86.9	89.9	78.1

Table 3
Development of Overall Sales of Livestock Products and the Status of Farm Animals

Index	1991/90	1992/91	1992/90
Sale of slaughter animals as a whole	86.2	97.5	84.0
Sale of poultry	91.1	87.5	79.7
Sale of milk	86.0	83.9	72.2
Sale of eggs	96.3	94.6	91.1
Status of cattle as a whole ¹	87.1	83.2	72.5
Status of hogs ¹	99.6	93.5	93.1
Status of poultry ¹	89.1	91.3	81.3

¹Status as of 31 December in the state, public, and cooperative sector.

Table 4
Development of the Exchange of Goods Between the CR and the SR
(in billions of Kcs at the common prices, including services)

	Exports From the CR to the SR	Imports to the CR From the SR	Balance (Assets of the CR)
1991	113.0	102.9	10.1
1992	103.6	85.5	18.1

*** Walesa's Views on Reforms, Presidential Party**

93EP0233A Warsaw SPOTKANIA in Polish
25-31 Mar 93 p 6-8

Interview with Lech Walesa, president of the Republic of Poland, by Leszek Bedkowski and Piotr Pytlakowski; place and date not given: "I Will Not Let Poland Be Turned Back"]

[Text] [SPOTKANIA] Mr. President, on the second anniversary of your taking office, you said you now understand what the public expects. Does that awareness include what the public expects from its president?

[Walesa] Indeed. It expects efficiency from the president. And that he strive for the greater efficiency of other government bodies. And that is the great theme of democracy. For now, that efficiency is not significant, and that disturbs the public.

[SPOTKANIA] Efficiency refers to methods of operation. Is it not a more serious problem that politicians are not interpreting public desires very well, and that the public itself seems not to know what it wants? Numerous contradictory interests have surfaced.

[Walesa] Yes and no. It seemed to everyone that, when we defeated the old system, things would be better immediately. Yet we forgot that we would build the Third Republic on the old foundation, that we would have the whole legal, organizational, and administrative apparatus as our inheritance from that system. Now to transform all of that. It cannot be done so quickly. It requires more public activity.

I must say that, if people are disappointed with me, I am disappointed with the public, too. It is not very active. It is anticipating that once the first secretary, today the president will come and take care of things. The government has changed four times already, while many unsatisfactory village managers have survived untouched.

The people were supposed to develop local and regional programs themselves, elect governments, and demand execution of those programs. They are not doing anything; they are merely waiting for someone to bring them a solution. So I am disappointed in the public in the sense that it should be more active, not just in struggle and striking but also in ideas and good elections. Yet we remember how few people voted; they left us by ourselves, and they claim that we are making poor or wrong decisions.

[SPOTKANIA] Do you interpret decreasing support for you as president as disappointment with a lack of efficiency, of not having a clear program?

[Walesa] That is a complex issue. Sometimes people do not like the truth. I said: What do you want from me as your president? Life, after all, will bring a new program. We are just now building a system, and it is not known what role in it will be assigned to the president. We will

create that program together: parliament, the government, and the president. But everyone, especially the politicians, convinced me: That cannot be the case; the president must have a program. I was right when I said that things would turn out differently.

[SPOTKANIA] Yes, Mr. President, but recently, during a meeting with the National Solidarity Commission, you said you would see reforms to their end. What reforms?

[Walesa] That means that, in these difficult circumstances, in this complicated situation, I will find maximum opportunities to accomplish what can be done, what is urgently necessary. I will not allow banditry in Poland. I will not allow a change in the direction of the reforms we have begun. In that sense, I will lead Poland through reforms. I will not interfere with democracy. I will not let Poland be destroyed. I will not let Poland be turned back.

[SPOTKANIA] Are we interpreting your idea correctly? You are saying to the public: This is your Poland, elect for yourselves people to implement programs, while I reserve for myself the role, a rather technical one, of seeing to it that the mechanism of government is efficient.

[Walesa] Not only that. I will not give up my initiatives. Seeing the sluggishness of most of the public now, I will want to arouse it to action. But always within the same configuration: democracy, pluralism, and a free market economy. Seeing and hearing complaints to the president, I will go the places where the dissatisfaction is and try to say: The reason for this wrong lies here or here, do this or this; but we must maintain our direction in this order: pluralism, democracy, a free market. I will try to maintain it.

[SPOTKANIA] You said you are disappointed with the public's involvement, although, judging from the number of demonstrations, if only at Belweder, things are not all that bad with this involvement...

[Walesa] Just a minute! I have said a thousand times: We—I, too—are the generation of struggle. But let us remember Lithuania. The people of struggle there forgot that, after the struggle, when the directions become known, work must come. These demonstrations are a continuation of the struggle. This is not bad, but it depends on what we are fighting about. Is it the development of the villages and small towns, or who will be the next president? If the generation of struggle does not have enemies, it will invent them because, if a change of presidents were demanded because the other has a better program and people believe in it, then I agree, I am prepared to take up this challenge. But, if they say this one does not appeal to them because he does not appeal to them, pardon me. I am the legally elected president for my entire term.

[SPOTKANIA] But you do not reject the right to criticize?

[Walesa] We have to stop political struggling for the sake of the struggle itself. There must be an economic and planning struggle, from the bottom up, that guarantees the occupation of a place in policy.

[SPOTKANIA] To that end, are you considering building a new political base of your own, as your speeches and actions indicate?

[Walesa] More and more I am compelled toward that notion.

[SPOTKANIA] By your associates?

[Walesa] No, probably least of all by my associates. By the development of the situation. I can see that the parties are not growing in strength, that various centers of government are losing significance. I want to seek out the force of reform once again and consider goals and possible solutions with them. On this base I want to stimulate reform of the country.

[SPOTKANIA] Will you leave the writing of a program to those forces, or will you impose it on them?

[Walesa] It is necessary to review my program, to determine what has become obsolete and devise a concept for specific actions, both legal and organizational.

[SPOTKANIA] But, without a presence in parliament, such a program will not be implemented.

[Walesa] Yes and no. If it is presented intelligently, then let us not deceive ourselves—this government, these deputies, this president want what is right. Only it is not working out for them now. For good programs, we will find such forces of influence that they will be implemented. But those programs must be executed for the 70 percent of Poles who must be set in motion and their apathy overcome. Especially in small towns and villages. Things are not going well with them. There was one factory and it has been closed. People are without work and without prospects. In Warsaw or Gdansk, one can always find something that produces some income. But, in small towns, it is much more difficult.

[SPOTKANIA] Would building your own political base mean that you are disillusioned with the effect of what is embodied in the phrases "I am president of all Poles" and "I am standing on both feet"?

[Walesa] I am not disillusioned. It was the communists who drove those who thought differently underground. We said the Republic would be for everyone. Today we have to fight a criminal past, scandals and criminals. But, to everyone else, we should give an opportunity to create in this country. Yet many of the children of our revolution are saying otherwise: Oppress, force, forbid. Oh, now that is not the kind of republic I want to build.

[SPOTKANIA] Those children of the revolution are fighting intensively among themselves. The effect is such that neither Mr. Mazowiecki, Mr. Kaczynski, Mr. Olszewski, nor Mr. Walesa is losing but, judging from social

reactions, in the public's eyes, the entire structure that led Poland out of the PRL [Polish People's Republic] is losing.

[Walesa] Just a minute. After all, pluralism and democracy are winning. And to the glory of the fatherland! I fought for such a country. If some politicians cannot see that and are losing, it means that they are weaker and are not with the public. You are making this a tragedy, not I. If I am losing on some issue, it means that someone else is better and has support. The mechanism we fought for is working.

[SPOTKANIA] Mr. President, it would be priceless if things appeared as you presented them. The point is that, in the perception of large social groups, there is no winner, while the people themselves feel the most defeated and are saying, "It was better before." Are they not right? But a society cannot be changed into a different one.

[Walesa] True, if one were to divide this into fragments, one could say that there are such topics, that things were better before; for example, everyone had work. But did the work make sense? With other matters it was worse. In the end, what counts is that most Poles had enough of that system. And now one has to explain patiently that we are bearing the cost of moving to another system, tested throughout the world, a better system. Because if we propose pluralism, democracy, a free market economy, no one will say it will be worse. It is just that the transition period is horribly difficult. It is too bad that we, the former fighters, must now build again. That is painful, especially for my generation. It would be better if there were only successes after victory. But that is not how it is in life.

[SPOTKANIA] We will not ask you about "Bolek" or "the June Left" but about whether you interpret the political phenomena these titles embody as the supreme moment of the reversal of the Lech Walesa myth.

[Walesa] Gentlemen! We have freedom. One can make money on a lot of things, so it turns up in something that is later called trash. And we have to survive this period. There must be a few more such books in order to show by their example that this is a fraud, a swindle in order to get people to start taking them with a grain of salt. Such books assume the naivete or stupidity of readers, but this stage cannot be bypassed. That is how I look at these issues.

As far as the Lech Walesa myth is concerned, no one else but I, under my own command, led to great changes in Poland since 1980. Actually, since 1978, when I was already fighting in the independent unions, and earlier, too, but that was my private struggle, so I have been working one step at a time for a long time, and no one has defeated me democratically. I brought us to the point where we have placed that entire system before the constitutional courts. So, when it comes to "Bolek." People, let us be serious! What kind of agent would have

such an effect? These are jokes from the grave. Look at my way, and you will never accept such theories, advanced by lunatics.

[SPOTKANIA] But, in that case, that group of "lunatics" has emerged from your own political circles.

[Walesa] Pilsudski was also attacked.

[SPOTKANIA] But not by his own people; he had a constant circle of friends.

[Walesa] Well, then, we are looking at this differently. Who is attacking me? First Tyminski became active, but he had a goal—to be president. One can understand that, but imagine that he is president today and his wife is first lady. Would that be good for Poland?

Then let us take Kaczynski's people. They were here, they were somebody, almost vice president. But then everyone demanded that the office be cleansed of politics. I made that move. Today I have an office that is politically colorless, but, organizationally and professionally, I am very satisfied with it.

Let us move on to Olszewski and Parys. I gave them authority, an entire base, and they made the kind of mess they made. I understand that they are complaining now because they are not prime ministers or ministers. I kept them as advisers for a whole year, and they could have prepared themselves to govern. They lost not because I wanted it that way, but because they did not know how to govern. I joined in only at the end in order to cut the matter off, and I even struck a blow at what gave me victory, but I had to do it.

So everyone who fights with me has reasons to fight, but brief, minor, base ones.

[SPOTKANIA] Do you mean to say that you will not fight them now because their energy will exhaust itself?

[Walesa] My work and my victories speak for me.

[SPOTKANIA] Yet one gets the impression that after "Bolek" and "The June Left" you went on the offensive: decrees for the government cooperating with Belweder, work on the draft of the Constitution with greater powers for the office of the president, a plan to build a political base, more political activity.

[Walesa] I wanted to be the kind of president that was expected—not knock around at rallies, not get entangled in matters or issue a proclamation once a month. But this madness with implementing democracy on the streets sprang up. So I have to ask: Do I have to defend myself alone in a democracy? Am I supposed to defend what we have already built alone? A deputy can call for presidential elections but not on the streets, only within the bounds of the rules he himself developed. This is a test for all political parties, for my colleagues from the past. I have to react: What are you really doing? If you want rallies, then I can go to rallies, too. But where will Polish democracy be then? Where will our work be?

[SPOTKANIA] If we are talking about accomplishments, another anniversary of the roundtable contract is approaching and, focused around it, are current political disputes and the means of summing up four years of work by you and other politicians. Are you holding firmly to your opinion that it was the best of the possible means of getting out of the PRL?

[Walesa] There were others. Take up arms. At the moment, when Solidarity impairs these ideals—harmony, pluralism—it impairs itself. If we ourselves harm what we have built, everyone else will have the right to harm us. I am not saying we should not account for political and other kinds of offenders, but I do say, let us not destroy the principles from which we grew. It is time to leave the path of destroying ideals.

[SPOTKANIA] Ideals that led to the roundtable, if we understand correctly?

[Walesa] That led to the present without bloodshed and even greater confusion. Let us build a country on agreement between everyone with everyone. We must come to terms in order to build better in the future.

[SPOTKANIA] Agree on several fundamental issues? If that is still possible, which three issues, for example, would you name?

[Walesa] I do not address the issue that way. It is time to draw conclusions from mistakes and work without impairing the principles I mentioned. We have already chosen the general direction.

[SPOTKANIA] You said at one point: Do I have to defend myself alone in a democracy? We would therefore like to ask, do you make and break friendships easily?

[Walesa] I have a friend-wife and children. I take care of all other matters through the prism of Poland's interest. I cannot do otherwise. Friendships would overwhelm me.

[SPOTKANIA] Could we also ask about your very stormy relationships with the eggheads, of which there are more and more around you as members of numerous councils?

[Walesa] I had a grievance with the eggheads when there was that period of sluggishness until 1989. I said: Listen, we will certainly win; try programs that will be necessary for us; not everyone has to fight. And? We won and we have to improvise. We would have had a constitution and privatization and many other things worked out; we had 10 years at our disposal.

But I never had a grievance against wisdom or education. I listened to their advice when I, no one but I, had to make the most difficult decisions underground. I knew how to take advantage of this wisdom of theirs. So, if I had a grievance, it was that they got hung up on details and could not understand how to work. They were right about many things and still are today, but in fragments; they did not want to understand the whole.

Today I am more and more understood by the intelligentsia.

[SPOTKANIA] And so we return to the question of efficiency of operation. That is perhaps the basic determinant of your actions?

[Walesa] Yes, in the best sense of the word, because one can also be an efficient bandit. I support efficiency in democracy.

[SPOTKANIA] And was it just because of a lack of efficiency that you predicted the dissolution of parliament, for example?

[Walesa] I am accountable to the voters for efficiency. If they are not in a position to understand the subject of the budget, which is critically necessary to the fatherland, they cannot solve other issues, either. That is why I have had enough of this game. It is a protraction of, not a solution to, the problem. That is truly why I would dissolve parliament. The same was true recently, when it was necessary to appoint a chairman of the National Radio and Television Council. I named one immediately.

[SPOTKANIA] Yes, and you beat everyone. But the opposition sees such actions as a desire to take power into strong hands—yours.

[Walesa] I do not have to take power because I already have it from the people. I won the election and got 75 percent of the vote. That is why I have a mandate. I am looking for opportunities to implement it. Of course, I am trying to not impair democracy. To fit in with the class, although many alternatives arising out of democracy do not appeal to me. They hinder my efficiency, my speed.

* Poll Evaluates Presidential Party Chances

93EP0235B Warsaw GAZETA WYBORCZA in Polish
6 Apr 93 p 5

[Article by (knysz): "Careerists Party?"]

[Text] Even President Lech Walesa's supporters believe that the idea of forming a presidential party is bad. But, if such a party were formed, it would take votes away from the Liberal-Democratic Congress (KLD), the Christian-National Union (ZChN), and Solidarity.

More than half of those polled (54 percent) believe that the creation of a presidential party is a bad idea. More than two-thirds of the respondents are afraid that people "who want to make a career for themselves alongside the president" or "who never yet achieved anything in particular" would join the party.

The idea of forming such a party is least liked by the intelligentsia, the leadership cadre, people with higher educations, and residents of small towns.

Most of those polled believe that the party would primarily serve the president: 68 percent say that such a party would "strengthen Lech Walesa's position in the state," and half of them believe that it would contribute to the "implementation of Lech Walesa's election program."

Fifty percent of those polled fear that the existence of such a party "would not strengthen democracy in Poland, would not stabilize the state, and would not calm political life."

But, if a presidential party already existed and parliamentary elections were held today, 12 percent of the respondents would be inclined to give it their vote. Such a declaration was made by older people, often church-going, and private entrepreneurs and farmers.

Figures from the Public Opinion Research Center show that those most in danger of losing part of their electorate in favor of a presidential party are the KLD, the ZChN, and NSZZ Solidarity—that is, the parties that supported Walesa's election campaign.

The KLD would lose the most votes—34 percent of its supporters declared that they would give their vote to a presidential party. The ZChN would lose 27 percent and "S" also 27 percent.

The poll was conducted in mid-March on a random 1,233-person representative sample of adult Poles.

* New Crime-Fighting Units Described

93EP0238A Poznan WPROST in Polish No 14,
4 Apr 93 pp 38-39

[Article by Bartłomiej Lesniewski: "Sheriffs of the Republic"]

[Text] A policeman who decides to use his weapon and, at the same time, observes the legally required instructions needs 15 seconds to get off the first round. At the same time, the criminal can fire six times.

Zenon Smolarek, a police commander, is of the opinion that institutions organized for the protections of the law cannot permit criminals to transmit to them their methods of operation. Still, if we were to observe the principle consistently, thieves, robbers, and criminals would always be faster than slow-reacting but honest policemen, prosecutors, and judges. In the opinion of a greater and greater number of guardians of the law, it is primarily those who use a shortcut, who act in an unconventional manner, who have a chance to overcome ever more ruthless criminals. They are the sheriffs of the Republic.

At present, there are few of these. Some of them wear policemen's uniforms, while others represent private detective agencies of security institutions. They are differentiated by the scale of activity they undertake and the means they use to achieve success.

The employees of the Warsaw firm the Rutkowski Bureau opted for a quick tempo, thereby reducing to a minimum the time lag between the point at which the first report is obtained and that at which a stolen vehicle is seized. The campaigns of Warsaw detectives are a sort of live broadcast taken from a scenario of crime films. The agency Krzysztof Rutkowski, which employs more than a dozen persons, recovers a stolen vehicle on average every one-and-one-half days. Last year it found 250 vehicles.

Rutkowski explains: "My goal is to apprehend criminals, and it is for that, and not for heeding instructions and guidelines, that I draw a salary. Everyone who acts in accordance with such a hierarchy of values will be successful. And he has society's approval, even if he sometimes makes mistakes and is too resolute in asking that the hood of the wrong vehicle be opened.

Rutkowski finds it considerably easier to get society's approval than to get approval from the police. Perhaps the reason for this is that the detective was "overly resolute in asking that the hood" of a vehicle belonging to a family member of the chief of the Warsaw Polish Command be opened. At this time, there is a proceeding being conducted against Rutkowski for breaking the law while practicing his profession.

A Gorzow policeman, Marek Surmacz, adopted a different tactic. Apprehending his own chiefs became his specialty. He began in 1983, when he helped get rid of the then chief of the Gorzow Criminal Department of the Office of Internal Affairs, proving that he caused an accident in a drunken state. With a similar accusation, he also apprehended one of the employees of the Gorzow Office of State Protection [UOP]. That employee defended himself by taking advantage of the goodwill of the prosecutor. The effect was that the director of the Regional Prosecutor's Investigating Department was dismissed and the UOP employee fined.

"People appointed to apprehend criminals cannot stand above the law. For one cannot wash oneself with a dirty hand," claims Marek Surmacz, who was recently removed from his office of roads chief for disciplinary reasons.

Krzysztof Rutkowski, who says he made a mistake by being "overly honest with the police authorities," and Marek Surmacz are at this time "sheriffs with a broken hand." It is difficult to apprehend criminals without the approval of the chiefs of police.

It is different in the case of the Gdansk security detective Jan Wosko. A graduate of the militia school in Szczytnia and the Gdansk University Law Department, he went into the MO [Citizens Militia] and then the police, moving through almost all levels of a professional career: from district constable to chief of the Operations-Reconnaissance Department. Today he directs the Ares-Service Protection Agency.

"I use the services of the best professionals on the coast. Our basic task is to secure the interests of one of the firms that insures vehicles," says Wosko.

The employees of the Ares-Service agency were the highest officials of the Gdansk police.

The agency recovers stolen vehicles (approximately 80 per year for its parent insurance company alone), aids in recovering debts as a tenant's company, and detects false thefts—the biggest was for 3 billion zlotys [Z]—in which it has the cooperation of the police; such cooperation, which most detective agencies have, consists of providing prosecuting officials with material evidence in exchange for "unofficial" reports.

"The officers of the Main Command have a number of important matters to worry about: reorganization, the number of years remaining until retirement, statistics, and the threat of decommunization. Someone got them hopelessly involved in all of this, and I am happy I have a simpler task: to apprehend thieves," says a representative from the vehicles section of the Police Voivodship Command in Poznan. Its officials have the best results in Poland in recovering vehicles stolen in the West.

According to an ECR [expansion unknown] informant, Polizei Poznan is the only institution in Poland that has on-line access to the largest stolen vehicles data bank, the ECR registry in Rotterdam.

"Perhaps the charges by detective agencies that the Polish police are a large, sluggish machinery are confirmed in many cases," says an officer in the vehicles section. "But, if we work on that machinery, it can operate like a Swiss watch, and, in that case, the slogan 'Bigger can do more' will be completely justified. The Rutkowski agency seized a total of 250 autos last year, while the police confiscated 18,000.

Jerzy Mikusinski, chief of the Warsaw police, is called "the sheriff with a computer." His two major endeavors are to increase the number of street patrols and to build a new command center.

"Most police do not know how to shoot. We know how," says Hippis, a member of the police special group in Czestochowa. Like other policemen, he is forbidden to make his name public.

The special group has under its belt the apprehension of the dangerous criminal Luck, who was sought for several years. It apprehended him with a rifle. The group also conducted a successful, daring campaign in one of the Czestochowa housing developments. It had received a report that members of one of the gangs had been sighted. It surprised the gangsters in front of a staircase—the criminals managed to draw their weapons, but they fired, and the gangsters were overpowered. Passersby applauded the policemen.

"In the police force, the necessary use of firearms occurs several times a year. I want to live, so I go to the rifle range every week," says Hippis. "I am not surprised at

the writers of orders that restrict the use of weapons by the police. We have in our magazine a military P-64 pistol and "rounded off" ammunition. This weapon is a real cannon, which, when fired at short range, "tears one's arm from his lungs." Thus, it is as important to change the instructions for use of weapons as it is to change the type of weapon.

A sheriff cannot kill everyone. It seems, however, that we need more than sheriffs for special tasks. We also need those who use their shortcut methods for simpler tasks. According to unofficial reports, one of the sergeants of the Poznan police dealt with Soviets who were playing a shell game in this way: He searched those who had been apprehended, seized their take (leaving them Z100,000 "for a ticket home"), took them to the post office, and ordered them to pay the entire amount remaining to the Society of Children's Friends. The "players" turned up in the market only on days when the sergeant was not working.

On the other hand, the officials of the Municipal Guard in a Sub-Carpathian town found a simple approach to the Poles and Russians who trade Stolichnaya vodka and Royal spirits in the bazaar: They pour out the liquor into the sewage system. That is merely is the form of repression, but, they assure us, it is very effective, though illegal.

*** New Communications Minister on Modernization**

93EP0239A Poznan WPROST in Polish No 15.
11 Apr 93 pp 64-65

[Interview with Krzysztof Kilian, minister of communications, by Miroslaw Cielemecki and Agnieszka Sowa; place and date not given: "A Liberal in a Monopoly"]

[Text] [WPROST] Mr. Minister, why is it so difficult to reach you by phone?

[Kilian] Let us not exaggerate. The phones do not work very well, but it is not that bad. There are problems with Warsaw, in particular, where we began setting up transit central exchanges at the end of last October. When those central exchanges were being hooked up to the main line, there were temporary disruptions. The Telecommunications Stock Company made the mistake of not forewarning subscribers of those problems. Switching more than 140,000 pairs of connections was a project that took several months, and, during that time, the quality of telephone connections worsened.

[WPROST] The secretaries from the buildings on Chalubinski Street, where the Ministry of Transport, Shipping, and Communications was once hooked up, apparently still have in their in their cabinets the seals with the old name because they expect that they will still be usable. Is an independent ministry of communications necessary?

[Kilian] It will surely be necessary for the next few years. During that period, the following markets will have to be

regulated: the postal service, the telecommunications market, and the radio-communications market. That would be very difficult in an interdisciplinary ministry. Other, stronger pressure groups would stifle communications. How will it be in the future? I do not know. In the majority of states, communications function autonomously.

[WPROST] You are a member of the KLD [Liberal-Democratic Congress], a liberal, yet you head a ministry that functions within a monopolistic structure.

[Kilian] I think that is merely an apparent contradiction. Liberalism prefers competition and private ownership, but, in world telecommunications and the postal service, monopolistic structures as a rule are operative. In Western Europe, there is a great deal of talk about demonopolizing the telecommunications market, but, in truth, there is a free market only in Great Britain.

[WPROST] In Poland, there are several networks of "pagers," but there is only one cellular phone network. Is that the result of a conscious policy of the ministry?

[Kilian] It is simply difficult to activate two networks at a time. Market considerations will dictate when a second operator should arise. However, that will not necessarily be on the same frequency now used by Centertel. Rather, it will be a newer, digital telephone system, designated by the symbol GSM [expansion unknown], which has been in use since January of this year in EC countries as a Pan-European system. That means that a German who has a cellular telephone registered in Hamburg may also use it on vacations on the Cote d'Azur.

[WPROST] Then, will a Pole traveling with his telephone through Europe not be able to call anywhere?

[Kilian] No, our system is an analog system, which is older than the digital system. The western states have already dropped this system. There are two frequencies only in Scandinavia—450 MHz [megahertz], which we use, and 900 MHz GSM, or the Pan-European system.

[WPROST] Then why are we putting money into an obsolete analog system, and on another frequency than everyone else's?

[Kilian] To say it is obsolete is an exaggeration. Moreover, not long ago, the frequency of 900 MHz was reserved for the military. Soon we will also have this newer system. Both systems can be in existence together. The analog system has a limited capacity: up to 100,000 subscribers on the territory of our country. A digital system has greater reliability, and it ensures a better quality of conversation and the possibility of connecting a larger number of subscribers.

[WPROST] Foreign telecommunications equipment manufacturers who are trying to enter the Polish market say that the Ministry of Communications is too homologous. As a result, some of them are even taking away their business.

[Kilian] That is a very extreme statement of the issue. Homologation is a natural tool for protecting our own market, for verifying whether equipment meets our technical standards. That cannot be done rapidly. It takes from several months to more than a year everywhere.

[WPROST] Is this "protection of the market" in our situation not somewhat exaggerated?

[Kilian] We have our own industry for producing telecommunications equipment. We cannot allow in others, ignoring the quality of their offerings and thereby flooding our market with equipment of doubtful value. Moreover, we have specific plans with regard to the kinds of telecommunication systems, and we are not indifferent about who and what will come onto the market.

[WPROST] Who is regarded unfavorably?

[Kilian] As for large telecommunications systems, that problem was fairly difficult to resolve. The number of suppliers exceeds our purchasing power because this is a great business. We cannot simply allow more than a dozen different telecommunications systems. Considerations of technical rationality define their number at not more than three. Meanwhile, on our market there are five different suppliers. These are the magnates among the manufacturers of telecommunications equipment in the world. Thus, the problem has arisen of how to reduce the number of suppliers. The Economic Committee of the Council of Ministers decided that three firms will be the Polish partners in telecommunications. They will surely include AT&T from the United States, which has purchased the majority shares in Bydgoszcz Telfa.

[WPROST] The Japanese are interested in the Polish telecommunications market.

[Kilian] For the present, the Japanese are merely expressing the desire to offer training and technical assistance.

[WPROST] They are pragmatic; later, they will surely want to come in with their products.

[Kilian] There has been no talk of this as yet. To date, on the Polish market, only NEC, with its radio lines, is present. There are as yet no signs that the Japanese will expand into the Polish market. Perhaps the Japanese will turn up in the bargaining over the 900-MHz cellular telephone system.

[WPROST] Why is the Polish Postal Service enterprise still doing poorly? Why is it showing losses?

[Kilian] In the previous structure, when the PPTiT [Polish Posts, Telegraphs, and Telephones] was in existence, the telecommunications sphere showed profit and subsidized the deficit-producing postal sphere. After the changes, it turned out that the activity of a public service enterprise such as the postal service is not such a simple affair because it operates across the entire country and

not only where it may expect to render a profit. Approximately half of the territory of our country is composed of rural areas and small towns, where the postal service must exist even though it yields losses.

[WPROST] NIK [Supreme Chamber of Control] inspected the Polish Postal Service and discovered a number of irregularities within it. For example, it found that an inordinately large amount of funds was designated to improve the infrastructure or to equip luxury offices for the directors of various levels. Those costs, as noted by NIK, were excessively large in comparison with the present and anticipated conditions of the firm.

[Kilian] The report does not give further details. The Ministry of Communications is only the parent organ of the Polish Postal Service; it has its administration. As the minister, I cannot interfere in the assortments of office furniture purchased by district managers. As for the furniture, it often comes from the 1950's and the 1960's, just as in the ministry.

[WPROST] In what do you intervene?

[Kilian] The ministry is the regulator of the market. It analyzes which services to organize and defines whom not to allow in, what to privatize and the like.

[WPROST] Is your plan for the Postal Service to begin to bring in income?

[Kilian] The giro system, the bank transfer of money, is such a plan. The Postal Service administers more than 7,000 institutions. No bank has such a network. We already have a Postal Bank located in Bydgoszcz, co-owned by Polish Telecommunications and the Polish Postal Service. We have a draft plan for this system, and, moreover, we have permission from KERM [Economic Committee of the Council of Ministers] for it. Soon, in the Bydgoszcz District, the pilot implementation of the giro system will begin.

[WPROST] The giro system will deplete the earnings of banks. They will certainly oppose this system.

[Kilian] The majority of people regulate their own affairs, using the services of the postal service. Small industry and some enterprises do the same thing. In 1991, approximately 150 trillion zlotys flowed through the postal service. We make use of the accounts of other banks; in other words, we ourselves choose the possibility of making money. The giro system, however, will help not only the Postal Service but also the bank system.

[WPROST] Why does the Postal Service not want to make money by distributing newspapers?

[Kilian] Several years ago, the trade unions forced it to abandon the distribution of newspapers. Now they have yielded; the possibility that many postal workers would lose their jobs impacted on this. The Postal Service is already beginning to distribute weeklies and monthlies. Likewise, the distribution of daily papers is workable.

[WPROST] You often criticize the structure of Polish communications.

[Kilian] Telecommunications is a state monopoly. In my opinion, international communications must be separated from it. A new structure should be created from the rest, a company that will be the property of Polish Telecommunications SA. This makes possible the creation of new partners, even foreign ones, as well as issuing stock on the stock market.

[WPROST] Why do you want to drop programs for privatizing international communications?

[Kilian] International communications is now profitable. There is no need for the state to let it go. In the future, it will also be profitable.

[WPROST] The state controls communications partly because it is an important element of the defense system.

[Kilian] According to the Maastricht treaty, national "telkoms" in Western Europe are beginning to compete with each other. But it is tight there. The Polish telecommunications sector is very attractive to them. There are already nearly 4 million subscribers. Soon this number will increase significantly. We must prepare for a competition war. Partial privatization will aid in this.

[WPROST] The liberal in you shows. Do the other members of the government support such views?

[Kilian] Not everyone understands this need. I try to convince my opponents. Privatization is creating the only possibility for building a true, efficient telecommunications system that can compete.

Continuing IMF Support Envisaged by Negritoiu

93BA0847A Bucharest ADEVARUL in Romanian
26 Mar 93 pp 1-2

[Exclusive interview with Minister of State Misu Negritoiu, by Mihai Ionescu; place and date not given: "Romania Continues To Leave the Door Open for the International Monetary Fund"]

[Text] [Ionescu] Discussions were held during the government's talks with the International Monetary Fund [IMF] regarding the directions of the reform and the economic reorganization in Romania as included in the strategy for reform presented to Parliament. Mr. Negritoiu, were there other areas in particular which interested the IMF?

[Negritoiu] At this time the IMF, as well as we ourselves, mainly focused at the high level on the area of reorganization and strengthening of financial discipline, that is, arrears. But high-level stabilization cannot be achieved and maintained if we do not get involved in reorganization of the enterprises. A first stage would be strengthening financial discipline at the level of all the independent companies and management by establishing interest on credits between enterprises and even a way of penalizing the companies which deliver without coverage or without having returns ensured. So not only the one who does not pay is considered guilty or dishonest but also the one delivering the goods, knowing that actually he is not going to get paid. This financial discipline seeks to eliminate financial blockages, with the only resource of the economic agents remaining the banking market and credits.

[Ionescu] Has the IMF felt that Romania's current government is trying to stop the reform?

[Negritoiu] No, these assertions have not been made in any way and the IMF would not have even had reason to make them. Our relations with the IMF are those between two partners in which the IMF presents its vision for making the economy more healthy, based on both theoretical and practical experience, so that it can also contribute to and participate in the process of reform and reorganization with financial aid and, primarily, as a guarantor of the international community that an economy is on the right road. Perhaps the IMF's cash contribution is not necessarily decisive or essential as much as the international community's overall contribution.

[Ionescu] Still, there has been a lot of speculation that the international organs want to make Romania's economy "a beggar" so that foreign capital can buy it for nothing.

[Negritoiu] The heart of this speculation comes from the fact that in the years since we have been aided by the IMF there have not been spectacular results for the ordinary citizen. On the other hand, this is the experience of other countries aided by the IMF: they have not seen special development, either. The problems are very

complex and complicated, but wherever the IMF failed in its aid, actually it was not the IMF that failed but the particular economies. What is certain is that there is no more viable answer to the alternative the IMF offers from the viewpoint of the concept of reorganization and rebuilding of the economy.

[Ionescu] Previous governments have been accused of using foreign credits, including IMF aid, specifically for consumption and not for investments or developing new technologies.

[Negritoiu] Our governing program has proposed that we increase the percentage of credits allocated to investments and we will do this. In May we are going to have a meeting with the consulting group of the developed countries and of the main international financial organs, where we will present a public investment program for 1993. This shift of expenses toward investments, including the aid programs from abroad, depends on economic performance itself. If our economy is capable of at least producing the strictly necessary goods (let us take just agriculture, where we spent between \$500 million-\$1 billion for food) and these funds no longer will be allocated for consumption, of course we will shift toward investments. Everything depends on the domestic results of the economy.

[Ionescu] Have the funds we are going to receive from the IMF been included in the 1993 draft budget?

[Negritoiu] No, these particular funds are in addition to the budget provisions. Mainly they will be used to establish Romania's currency reserve. In exceptional cases they could also be used for some strictly necessary emergencies which could endanger national security and stability, food security, the supply with raw materials and so forth. Anyhow, the IMF contribution in 1993 will be greater than what it was for 1992.

[Ionescu] What will the percentage be for funds allocated for investments and reorganization?

[Negritoiu] I can estimate around 25-30 percent for investments from foreign credits, including foreign aid. Mainly the difference will be allocated for production consumption, raw materials, energy and so forth.

[Ionescu] But for reorganization?

[Negritoiu] Reorganization in 1993 will not in the main be done through investments. There will be an emergency reorganization program in 1993 which in particular aims at filling the "holes" that the losses are draining through. So in 1993 we are not aiming at starting new technological development. Yet 1993 will be the year in which the first big sectional investment programs begin, programs financed mainly by the World Bank: an industrial development program, a development program for the energy sector, an investment program in the infrastructure, a program for road and highway modernization and in transportation and we will also have an educational investment program. These

programs will begin in the second half of the year and they should broaden in 1994.

[Ionescu] Has the IMF shown interest in social problems, also?

[Negritoiu] The IMF is absolutely concerned with social protection, particularly that of the most disadvantaged categories, the poorer social levels. Our viewpoints coincide on this matter.

[Ionescu] Has a delay been suggested in the date we discontinue subsidies?

[Negritoiu] Such a delay would not even be advisable. The more we delay the higher the social costs. Another version would not even be possible (in September) since it would mean prolonging an unnatural process. The version worked out by the government and approved by Parliament in the strategy is clear: complete elimination of subsidies for all products by 1 May. We will negotiate this problem with the trade unions, hoping that vehement protests do not result from these negotiations; they would not be useful, either for the economy or for the population.

New Group Waiting in Wings To Take Power

93P20143A Bucharest ZIG ZAG in Romanian
18-24 Mar 93 p 5

[Article by Doina Baesu: "The Group 'A Future for Romania' Prepares To Take Power: The One Who Recommended It to Ilescu Was Magureanu"]

[Text] V. Hrebenciuc wanted to be general secretary of the Romanian Government. And so he became. The less influential elements from the group were pushed toward the presidency. (Marian Enache, Ioan Mihut). The important ones are in other areas.

Dan Mircea Popescu, a member of the group, is the Minister of Labor and Social Protection. Dan Dumitru Popescu is the Minister of Industry. V. Pasti is the Chief of the Department for Social Reform and contributed, as did the other two, to formulating the government's platform. Dorina Mihailescu works within the Department of European Integration. Liviu Muresan is an advisor to the prime minister. Ioan Mircea Pascu is secretary of state at the Ministry of National Defense.

At the National Bank, Mugur Isarescu, even if he is an independent, is a member of the group. Dan Pascariu is president of the Romanian Bank for Foreign Trade. Vasile Secares, the leader of the group, is a vice-president at EXIMBANK. Viorel Ciobanu, a member of the group, is a judge at the Supreme Court. In Parliament, the group is represented only by V. Babiuc and to some extent by A. Severin. The latter is relegated to the sidelines by the group, because he acts too much on his own account rather than in the interests of the group. V. Babiuc has a more special job, like the FSN [National Salvation Front].

So, perhaps "A Future for Romania" intends to keep a close watch on presidential policies? Not necessarily, because its members no longer have permanent access to Cotroceni Palace [presidential offices], as they did in the past. Information about what is happening in the Palace may have access, however, and may influence the president. Can they direct monetary and hard currency policies? They can, because they head the banks. In this arena they are powerful.

Furthermore, Mircea Cosea is the president of the National Commission for Prognosis. When the government was being formed, his name was being considered for the position of prime minister. Later on, the rumor circulated—probably launched even from within the group itself—that, if the Vacaroiu government were to fall, Viorel Hrebenciuc would become prime minister.

Remember, too, that Vasile Secares is also the rector of the Academy of Advanced Political Studies, where the politicians of tomorrow are molded.

At the moment, because they do not have people in Parliament, they are contacting the leaders of various parties. They held talks with Stelian Tanase to convince him to join the group, which up to now he has not done. They tried a rapprochement with the FSN, through Adrian Severin, but nothing came of that either. For quite a while, the group has been maintaining relations with various members of the PNL [National Liberal Party]. The point of contact here is apparently Sorin Botnariu, former member of the FSN and then of the FSN-SD [Social Democratic National Salvation Front]. It appears that some of them tried to get into Parliament on PNL electoral lists, but they did not succeed. Therefore, Parliament is an area over which they cannot, at least at the moment, exert influence because they were trained to control that which is controllable.

Their fundamental principles are: privatization, under state control, Western-style moderate, rather than extreme, liberalism (as in the government's program). They believe that we have a lot to learn from the South Korean experience.

At the "Stefan Gheorghiu" Academy They Were the Backup Team

"A Future for Romania" is not merely a group or a foundation. It is a phenomenon. Where did they come from, these people who are at the very heart of the phenomenon and where are they going? As to where they come from, the majority come from the "Stefan Gheorghiu" Academy. One of the members of the group said that there were three categories of people at "Stefan Gheorghiu": "Blockheads, who understood nothing and always toed the party line; conformists, who understood a thing or two, read and held discussions, but did everything they were told (like, for example, Iosif Boda); and *they themselves*, who did not conform and knew how to get away with it, the proof being that nothing happened to them as a result of their nonconformism."

They were young, eager to know everything, and eager to tear down the system from within. Their names were Vasile Secares, Adrian Severin, Dan Dumitru Popescu, Adrian Nastase, and Virgil Magureanu. The ADIRI (Association of International Law and International Relations) group was in existence at the same time, to which belonged A. Severin, E. Dijmarescu, A. Nastase, M. Isarescu, and from time to time V. Magureanu, V. Secares, V. Babiuc. In one way or another, V. Pasti also revolved around both groups. The mentor of those from the "Stefan Gheorghiu" Academy was professor Oliviu Trasnea. Silviu Brucan apparently was one of the ADIRI group's buddies.

They read everything that was new in political science, sociology, political economics, and law. These were books ordinary intellectuals could not find, but which were in the library at the "Stefan Gheorghiu" Academy and in other places. They met rather frequently, discussed, analyzed, planned. It is difficult to believe that during Ceausescu's time people who could carry on such activities were tolerated.

In fact, subsequent events proved that these individuals were being groomed for something. They were selected according to certain criteria and were molded in a certain way. They were the 40-year-olds who were meant to lead the country: "Tomorrow's Shift." Perhaps they were being trained for Nicu Ceausescu [after he succeeded Nicolae Ceausescu]. Perhaps for any eventuality. In any case, they were the backup team.

Now they tell us that in 1989 they realized that the Communist system was headed for a crash in all of Eastern Europe. Perhaps they were being readied for the purpose of ushering in *perestroika*. Let us not forget that, after the establishment of the CFSN [National Salvation Front Council], Virgil Magureanu recommended *them* to his friend Ion Iliescu as his advisers. Iliescu took them. Many were already in the CFSN foreign policy commission and remained there until the elections.

As it turned out, the December 1989 Revolution spoiled many plans. But not all. Even if those individuals who were once together are now scattered to the four winds (for example, A. Nastase to the FDSN [Democratic National Salvation Front] and A. Severin to the FSN), and even if they appear to be adversaries, nevertheless there is something that unites them. They were all educated at the same school and in the same spirit, a fact that should not be forgotten. The proof is that most of them are now together part of the group 'A Future for Romania.'

What will the group do in the future? For the near term, it will remain as is. Slowly but surely, it will place its members here and there. "Those who are in charge right now really do not know how to lead and we are having to waste our time even though we have more important things to do," they say. And what do they have to do? Will they become a party and get into politics through the front door? That's hard to believe. They would have

more to lose than gain. They would lose the influence they already have (which could grow) on institutions where party members are not allowed. They would have to assume many responsibilities.

As part of an apparent second echelon, they would be able to lead without appearing to be leading. A sociologist who has known them for a long time says that they will never have political power, but they will have power. More and more power.

Blandiana on AC-PAC Relations, PAC Problems

93BA0154A

[Editorial Report] Bucharest ROMANIA LIBERA in Romanian on 13 April on page 3 publishes an interview with former Civic Alliance [AC] President Ana Blandiana, conducted by Geo Asavei. Blandiana reviews her recent trip to Germany, offers observations on how Europeans see Romania, gives her appraisal of AC activities and relations between the AC and the PAC [Civic Alliance Party], and comments on recent PAC leadership problems.

Blandiana remarks that while the European media pays scant attention to Romania, the Europeans themselves do not ignore the country. However, she adds that Europeans now view Romania with "sadness and astonishment," in marked contrast to their initial excitement over the December 1989 Revolution. Blandiana likens the current European attitude toward Romania to a "love affair which ended in deep disappointment." She says that, to counter this impression, she worked hard during her visits abroad to "convince readers and listeners that the Romania they discovered in 1989 was not an illusion."

Blandiana next comments on the proceedings of the Forum for Democrats for Escaping the Crisis, organized by the AC in early April 1993. She contrasts Civic Alliance participation in this forum with past ones. She notes that 1991 discussions included Civic Alliance members as well as various kinds of specialists. The current forum is a new attempt to draw to one place all those who are fighting to change Romania, including democratic political parties, civic organizations, unions, church representatives, revolutionary associations dating to 1989, human rights activists. According to Blandiana, the theme of the discussions was the need for constitutional changes, such as guaranteeing the right to private property and the separation and democratization of state powers. Another prominent theme was the need to develop a common strategy against corruption and extremism, which, according to Blandiana, are hindering Romania's drive toward integration into Europe.

Turning to the topic of relations between the AC and the PAC and the latter's recent internal problems, Blandiana right away denies "rumors" that she was responsible for those problems, that the AC "took sides" in any way, that the AC tried to "act as mediator," or that the AC

"was getting ready to reunite with the PAC." Her view is that the AC "has no business meddling" in PAC internal problems.

With regard to tensions between the AC and the PAC, Blandiana rejects PAC "charges" that the AC "wants to control the PAC's internal dynamics and ideology." She stresses that the AC's only desire is to "encourage cooperation between itself and the party that shares its name." She adds, however, that she hopes the upcoming PAC congress will change the party's name because the PAC "has gotten away from its initial definition," which was based on AC's political ideas. Retaining the name PAC would only add to the general level of confusion, she remarks.

Finally, asked to state how she feels about the PAC's "leadership disarray," Blandiana expresses "sadness," noting her dismay over the dissolution of any Romanian organization, especially when this is due to "vanity and power struggles."

Religious Education in Schools Discussed

93BA0902A Bucharest ADEVARUL in Romanian 30 Mar 93 p 5

[Interview with His Most High Holiness Antonie Plamadeala, metropolitan of Transylvania, by Argentina Popoiu; place and date not given: "The Church and Young People"]

[Text] Jesus answered: "Truly, truly, I say to you, that we speak of what we know, and we bear witness of what we have seen, but you do not accept our testimony. If I have told you earthly things and you have not believed, how will you believe if we tell you heavenly things?" (John 3:6-12)

[Popoiu] Your Most High Holiness, in your view is there a moral crisis in our society?

[Plamadeala] It is clear that there is a moral crisis, and the crisis can be explained. It is due to the fact that for half a century Romanian society was deprived of a moral compass. Certainly an effort was made to give society a moral compass, but this was based on false premises and was not workable or effective. This was because, on the one hand, people tried to base this moral compass philosophically on autonomous, worldly moral principles derived from human philosophy, somewhat in the way Kant defined morality. That is to say, that the good and the moral are what everyone in all places and at all times has recognized as good. But that principle proved unworkable, because there was nothing to guarantee it. A person becomes all too easily reconciled to his mistakes when they suit him, in other words when they further his selfish purposes. At that point it is very easy for him to lose sight of moral principles established by human beings.

On the other hand, the moral principles tried out by atheistic communism were based on the short-term

interests of a materialistic philosophical ideology. Neither one of these two moral systems could in fact establish a workable morality in society because, however much we might analyze, and however many solutions we might try to find, the only solution which has any effect on people's consciences is divine morality, revealed morality, disclosed by God. It imposes on society an absolutely guaranteed order, with responsibility before God. You cannot hide from this the way you can from a human law. Human law may not see you, so you may think you have eluded responsibility. But you can never get away from divine morality. The eye of God sees you even when no human being can. This is the reason why a moral crisis was able to arise in this half-century of atheism—a crisis which afflicted both the old and the young.

Consequently, either matters will be directed toward bringing back into society religious moral principles—in our case, Orthodox Christian ones—or else the crisis will continue, with disastrous results.

[Popoiu] Do you think, however, that our youth is, at the present time, the segment of society most affected by the moral crisis?

[Plamadeala] I would not say that this crisis affects the life of all young people, because I know young people who are longing for absolute moral principles by which to govern their behavior, and I know large groups of young people who are fervently seeking these principles. I know studious, very responsible young people who give us good cause for hope. Of course, there is also a segment—the West calls it "the Pepsi generation"—who are still disoriented, who have escaped to a freedom they fail to understand and who have fallen into the habit of taking the easy way out, which gives them artificial satisfactions. As these young people should know, these pleasures are short-lived and cannot provide a good foundation for the kind of responsible life to which they should be committing themselves.

[Popoiu] Who do you think is responsible for this disorientation, for this downsliding of theirs?

[Plamadeala] I would not blame this solely on the young people. For the time being, they are victims of the encounter with a freedom which they do not know how to deal with appropriately. On the other hand, those who should be their teachers are themselves coming out of a darkness which did not equip them with good standards for educating their children. Therefore, **I would shift a good part of the responsibility to the parents, to society, and to those who should be passing legislation concerning the education of young people.**

We are all living under a mirage of freedom. Some demand too much freedom, others give too much freedom, but everyone forgets that **real freedom can exist only within the limits of norms of healthy social interaction.** We should not reach the point where we risk experiencing a persistent problem which the West has

called the chasm between the generations (Gap Generation [as published]), which tore children from parents and parents from children, which granted impermissible freedoms, and which, at one point, even created a society called Permissioness [as published] (in which everything was permitted). Such a society could and did lead to the rebellion of children against parents. This gave rise to abnormal situations because, clearly, **young people should enjoy freedom**, but it should be **the freedom of those who are learning**, not the freedom of those who are teaching the lessons. This does not mean that responsible young people cannot contribute new and beneficial creative ideas to society. Society should pay attention to these ideas also, with the proviso that this is how things are meant to be: Some people are to teach others, and those others are to accept the instruction so that they can become teachers themselves tomorrow.

Therefore, as far as moral life goes, if we want to save ourselves from what is being called the beginning of a moral crisis in the life of our young people, the crisis needs to be cured first of all among the grownups, who are responsible for educating the young people. Grownups too have lived through a period of darkness and need to enlighten themselves so that they will not, in turn, transmit spiritual diseases to the young generation.

[Popoiu] And what would the cure be. Your Most High Holiness?

[Plamadeala] We have succeeded in introducing religion up through the eighth grade into all the schools, as well as some courses on the philosophy of religion into the higher grades. This is something that is absolutely necessary. If this had not been done, it would have meant letting the virus of disorientation continue to spread in Romanian society. A sane person cannot live a coherent life without a guiding star. This guiding star can only be religious moral education.

I know that the introduction of religious education was accomplished with difficulty, not because of the young people but, unfortunately, because of those who were supposed to be teaching them. We ourselves here in Transylvania had to collect reams of signatures from children and parents, which we then sent on to Parliament so that we could have religion in the classroom. We had the good fortune of having some ministers in the Ministry of Education with whom we could reach an understanding.

Even after we succeeded in getting religion introduced into the schools, there was talk of having religion courses as electives. Not everyone could understand the rationales that were given: either that pupils should choose one religious denomination or another, or that the classes pupils take should be chosen based on their parents' declared preference, or yet again that participation in such classes should be optional. Of course the explanations that were eventually given allowed religion to be taught in all schools.

I would like to clarify just one point, for the sake of those who understood the term "optional" as a choice between "I want to" and "I don't want to," namely, when the Church asked that religious education be given to all young people, we did not intend to go against anybody's conscience as if a particular ideology had been imposed on them and were not left free to make the choice themselves. What was the Church's reason? The simplest of all: **you cannot truly, freely and responsibly choose, except between things with which you are familiar.** Therefore, how can you ask a young person to choose before he gets to know the elements between which he must choose—in our case, how can he choose for or against religion before he is familiar with religion? Young people will be free to make their choice when they reach maturity ["maturitate," which in Romanian also means graduating from high school], both about religion and about other ways of explaining the features of the universe. For this they need to have the explanations given by religion, too.

Black Market Involved in Privatization 'Roulette'

93BA847B Bucharest ADEVARUL in Romanian
24 Mar 93 p 3

[Article by Constantin Priescu: "The Honest Privatization Roulette and the Black Market"]

[Text] The slow rate of privatization in the first two years of the transition has begun to extinguish any hope in this area. Here are some of the arguments circulated in this regard: "Romanians are too poor to buy stocks." "True privatization cannot be achieved in Romania." "Just the wheeler-dealers have the capital." For the most part these are valid arguments, but not entirely. The other part, however, shows that the privatization roulette has begun to set into motion all kinds of capital—both white and black.

We offer several specific figures for those who continue to feel like viewing the above assertions with mistrust. Of the total number of 6,200 stocks put up for sale, nearly 2,000 were purchased, with around 10,000 wage earners taking part in this activity. The total value of stocks sold has risen to more than 20 billion lei and—watch out—for 10 times more than the initial price (the estimated value) announced at the beginning of the sale. The attractions which set into motion "the windmill of capital"—the sale of stocks—both confirm and deny the rules of foreseeable poverty. Most of the independent investors headed for trade (1,100), tourism (450) and industry (400).

Compared with independent capital, the participation of foreign investors in buying stocks from the Romanian economy is merely symbolic. The fact that just five of the total stocks sold were purchased by foreign investors, of which three were from the Valeology Company in the Republic of Moldova (hotel units in Eforie South), tells it all. In connection with this participation, at least two things could be commented on. On one hand either we

have to deal effectively with less interest from the foreign investors in the Romanian offer in the area of privatization or, on the other hand, the system we use in starting up sales is not substantial enough to latch onto. Both situations are possible. However, judging by the fact that the presentation of stocks up for sale is handled without an attractive advertisement of their "calling card," I think the latter is much more plausible.

Returning to independent capital, which for the time being is the "turntable for privatization," we should note the appearance of some facilities (the MEBO [expansion unknown] plus stocks, loans from companies, use of property certificates and so forth) intended to stimulate privatization of the small and medium-sized units in the current stage. The effects of these facilities, imposed more by the solicitants than directed by the State Property Fund, are seen in the fact that wage earners bought more than 450 stocks.

There is no longer any doubt that the privatization roulette actually has started up the "windmill" of capital, both small and large. The very structure of the capital invested until now in purchasing stocks shows this:

- (1) More than 1,300—under 10 million as book-keeping value—were sold for 4 million lei;
- (2) More than 450—with initial value of between 10 and 100 million—were sold for 10 billion lei;
- (3) More than 30—with an initial ceiling of more than 100 million lei—were sold for 6 billion lei.

We shall see what lies ahead. Either the independent capital has just begun—both white and black and all colors—or privatization has been exhausted right from the start and we are going to see a long period of silence.

* Invention Implementation Process Described

93P60154A Bucharest ROMANIA LIBERA in
Romanian 6 Apr 93 p 4

Article by Petre Junie: "Good Intentions, Absolutely Inadequate Means!"

[Text] From a conversation I had with Professor Doctor Nicolae Naum and economist Petre Lucan, the director

and his deputy in the Ministry of Research and Technology's [MRT] Policies, Innovations, and Privatization Directorate, it may be concluded that this ministry is responsible for the implementation of valuable Romanian inventions. The criteria are clear: The invention must be such as to cause the raising of productivity and product quality to the level of international standards in the field.

To this end, the inventors possessing approved patents should apply for support by sending their invention files to the respective directorate, where a body of experts will evaluate them and then, within budget limits, will forward the technologically valuable projects to the centers for implementing inventions. The prototypes, feasibility studies and in some cases even the series production will be done by economic agencies—which are generally production facilities having research and development compartments—under contracting arrangements with these centers. The funds will be recovered through the social, economic and scientific effects of these products, such as job creation, productivity gains, increased technological prestige, etc.

Patent owners which are juristic persons (research institutes, universities, private or state economic agencies), should follow the same procedure, but they will forward their applications to the Directorate for Technology Transfer in the same ministry. Starting with this year, the Directorate has received funds just for this type of invention implementation. However, contrary to the optimism of experts, budgeted funds are absolutely inadequate to satisfy demand.

Certainly, the exploitation of Romanian inventions could also be financed through bank loans, at least theoretically. At present, however, the lending interests are so high that neither private or juristic persons dare to chose this route, especially when one considers the risks of implementing an invention. Moreover, patent owners most often do not even have the necessary guaranties. According to the above-mentioned directors, financing the implementation of an invention could be accomplished through attracting Romanian or foreign capital, either in the form of investments or borrowed funds.

The hope is that in due course inventors will become productive agents through the use of the innovation-fostering facilities and the business venues of the MRT network, and through investment capital.

* Implications of Kovac-Havel Meeting Weighed

93CH0549A Prague TELEGRAF in Czech 2 Apr 93 p 3

[Commentary by Josef Landergott: "All Is Not So Rosy"]

[Text] The recent historic visit to Prague of Michal Kovac, president of the Slovak Republic, came off in the spirit of officialities appropriate to the state visit by the head of the neighboring state. The destruction of Czechoslovakia is not yet so far removed in time as to make it possible for Michal Kovac to be able to state that he feels very much at home here. He personally also confirmed that, as president, he was given a reception that underscores the spirit of the agreements under which both of the "national" governments undertook their obligations toward the end of last year.

The most specific moment in the negotiations by both presidents was the assurance given by Vaclav Havel that the creation of any kind of new Iron Curtain at the common Czecho-Slovak border is not in the interest of the Czech Republic—in other words, not a barrier between two new states but a dividing line between a promising and a less-promising Europe. Such a view has a tendency not to count on Slovakia for the immediate future, which could be more or less distant. Recently, in many a speculation in West Europe, one hears that, of the countries of the former Soviet bloc, only Poland, Hungary, and the Czech Republic are relatively near to "Europe."

The visit of President Kovac to Prague cannot be separated from the domestic Slovak political scene. We know that it was not nationalism that broke up the old unitary state but, rather, primarily principled political viewpoints that led to the breakup. Parliamentary democracy in both countries is developing in quite different ways. Whereas in the Czech Republic, despite all difficulties, the structures of European parliamentary democracy are becoming established, it is evident that, in Slovakia, an authoritarian regime is developing that uses the institution of parliament only as an external attribute of democracy. The words and deeds by Prime Minister Vladimir Meciar are generally known.

Fear on the Slovak side of the imposition of a border regime between both countries is justified. From the Slovak viewpoint, this could be a matter of being "pushed out" beyond an as-yet-fictitious curtain. Although, at parallel negotiations between the ministers of foreign affairs, the Czech side has stressed that a border regime is necessary as protection against the possible expansion of imported migration from the east, it is perhaps precisely for that reason the Slovak side feels a lack of confidence. It is possible that Slovakia itself could be counted among the "countries with a migrating population" and that that could happen fairly quickly, as an object of some kind of future Czech protective measures. The present position of the Slovak Government is untenable from an international political viewpoint. Among other things, that is so because the

protection of its own borders is part of the sovereignty of the state. Because the economic standing of Slovakia and the international evaluation of its internal political situation are not good, Bratislava will have no choice but to make concessions on that point.

Clearly, neither president devoted any time to such calculations. As they both stated several times, the purpose of their meeting, as well as of future meetings, was to provide impulses and to open room for settling problems and disputes between the governments. Both presidents are equally restricted by their Constitutions in terms of their authorities, and it is only up to them personally how they will manage to assert themselves in terms of their domestic policies.

The Prague visit by M. Kovac undoubtedly contributed to calming the tensions between both governments, which have led the government of V. Klaus to put off issuing stock certificates, among other things, to Slovak holders of investment coupons. The final separation agreements will not be long in coming. And the Prague visit by the Slovak president showed yet another giant positive aspect—namely, that the representatives of both of Czechoslovakia's successor states are proving capable of quietly negotiating and coming to agreement in a friendly manner, within the framework of possibilities. That is a manifestation that is unique in the post-Soviet portion of Europe.

* President Kovac's Speech at HZDS Congress

93CH0548A Bratislava SMENA in Slovak
31 Mar 93 p 4

[Article by (has), including text of speech delivered at the opening of the KZDS congress in Trnava on 27 March 1993 by Michal Kovac: "What Did He Actually Say?"]

[Text] The temporarily calm surface of our troubled political waters has been ruffled this weekend by the HZDS [Movement for a Democratic Slovakia] congress not only because of the culmination of the conflict between a former minister and the chairman of the Movement but also because the president of the Slovak Republic [SR], Michal Kovac, appeared in Trnava.

At the news conference on Saturday, Roman Kovac and Ivan Gasparovic explained the president's participation in the congress as his farewell to the movement, of which he was a member and cofounder. At the same time, they emphasized that Mr. President would also accept invitations to attend political congresses of other parties and movements and thus, in that respect, the HZDS should not be regarded as privileged.

Nevertheless, the conduct of the president of the SR is controversial and increasingly criticized not only because of his participation but also because of his address, which can hardly be described as really nonpartisan. Moreover, at the press conference on Monday, Jan Klepac, the chairman of the KSU [Christian Social

Union], expressed his personal view that he regarded the president's words about his official nonpartisanship as hypocritical.

For those reasons, we decided to publish the entire text of the speech that Michal Kovac, president of the SR, addressed to the HZDS's Third All-Slovakia Congress in Trnava on Saturday 27 March.

Respected Mr. Chairman, esteemed ladies and gentlemen, dear friends:

Only three years and less than three months have passed since the fall of the totalitarian system. The existence of the HZDS covers the same brief period; I do not think I am wrong to include its presence in the VPN [Public Against Violence] because, in fact, your and my organized postrevolutionary political life began in the VPN. The HZDS follows those ideals, those beautiful ideals, that inspired us and our whole nation to build the most equitable democratic society. We have every right to be proud because of all that has been accomplished in the past period for the cause of human dignity, freedom, human rights, justice, and the transformation of man and of the conditions of his life.

Democratic systems measure the accomplishments of individual parties and movements, among other things, by the results of elections. In that sense, it may be said that the HZDS has already won democratic elections twice: first as the VPN and, on the other occasion, as the reborn VPN—that is, as the HZDS. Its victory in the latest democratic election placed the HZDS in the position of leadership of political activity in our country. The HZDS took over not only the VPN's tasks of continuing the consolidation of the democratic system, of building a lawful state, and of implementing an economic transformation but also the historically most relevant obligation: of gaining for the SR sovereignty and independence, international recognition, and integration in the European and worldwide structures. That is what the HZDS has accomplished with honor. Future generations will cherish it and view it as the historically significant watershed in the development of the Slovak nation and of all Slovak society. That should be a legitimate source of pride for us. Before us is the duty to make ethical assessment of contributions to the achievement of this historical role and to enact a law to establish a special award for merit.

Permit me as the president of the SR to thank from this place the whole HZDS and particularly its informal broad-based leadership, headed by its chairman, Mr. Meciar, for this truly historical act. I thank you, my friends, Mr. Chairman Meciar, Mr. Vice Chairman Knazko, Mr. Vice Chairman Huska, and you, ladies and gentlemen deputies of the former Federal Assembly and the National Council of the SR, and you, Messrs. Filkus, Cic, Moravcik, Kubecka, Andrejcak, Zelenay, all of you who cooperated with me on the federal level to fulfill, in

an honorable and a dignified way, the political agreements concluded by the ODS [Civic Democratic Party] and the HZDS to divide and liquidate the federation and lay the foundations for a sovereign SR. The whole world appreciated and continues to appreciate the manner in which we were able to accomplish such a complicated and extremely delicate process as the split-up of a common state. And that should make us feel rightfully proud!

Esteemed delegates, before you begin, permit me to offer a couple of sincere and friendly words. The satisfaction and righteous self-confidence stemming from what the HZDS has heretofore achieved must not arouse pride or immodesty in you; it must not stir in you any feelings of superiority and preeminence. That would be very dangerous because, in its final consequences, it would lead to an alienation from society and to downfall. Arrogance and preference of one political subject to others have already been around, and we know their outcome. You must absolutely avoid them. Not arrogance but partnership, with equal rights and on an equal footing with other political subjects, guarantees that the extremely demanding and complex tasks that are before us will be successfully accomplished. No single political subject can achieve that all by itself. As compared with the others, the HZDS is facing more obligations and bearing greater responsibilities. I beg you, do not forget that!

Permit me to share with you still another bit of advice. In the interest of the unity of your movement, each of you must sacrifice something of your own to achieve something positive. To maintain the unity of your movement, it is important to observe the principles of equality, mutual respect, and tolerance. Your members and officials cannot be divided into less trustworthy and even untrustworthy. The unity of your movement demands that you do not form cliques and adhere solely to public democratic methods of work. The views about proposals made by the political board or the chairman or the vice chairman may differ. A majority decision must not be obtained behind the scenes in underhanded ways but by open democratic persuasion. An individual or a minority must accept the opinion of the majority and must not act in contradiction to decisions adopted in a democratic way. In the interest of unity, do everything and work in an honest, open, and, thus, democratic manner. You must vigorously drive out any shady, behind-the-scenes methods of operation.

Esteemed delegates, today the eyes of all of our Slovakia are watching your proceedings. Act responsibly and in the interest of our citizens and your voters. Do not disappoint the millions of our people who hope that, as a political force that took upon itself the great responsibility for the future of our nation, you will keep your promises and fulfill the expectations of our citizens. I wish you calm discussions, a friendly atmosphere, sincere and frank criticism and self-criticism, and achievements by which you will help pacify the troubled political waters. I trust that you will not fail!

*** Filkus on His Future, Slovak Economy**

93CH0552A Bratislava SLOBODNY PĽATOK in Slovak
2 Apr 93 p 3

[Interview with Rudolf Filkus, former member of the HZDS Political Board, by Ruzena Wagnerova; place and date not given: "In the IMF Mold"]

[Text] At this time, he does not hold any important portfolio. Maybe this is not the right time for a moderate politician, which Prof. Eng. Rudolf Filkus, C Sc [Candidate of Science], is considered to be. An economist who set out on a political pilgrimage. From being a founding member of the HZDS [Movement for a Democratic Slovakia] and the chairman of its board, he has now become a rank-and-file member of the movement. His offer to work in the economic sphere was not taken up. However, most recently his name has been mentioned as a possible future Slovak ambassador to Austria.

[Wagnerova] Are you packing your bags for Vienna, Professor Filkus?

[Filkus] I was already approved by the political authorities. The decision about my possible diplomatic position must still be made by the government, and then the country in question should also give its opinion. Since 1 March 1993, I have been an employee of the Ministry of Foreign Affairs of the Slovak Republic [SR], where I am learning everything that is necessary for my eventual diplomatic position.

[Wagnerova] And what about the position as governor of the SR National Bank? Your name was also mentioned in that connection.

[Filkus] No one in authority spoke to me officially about such a possibility.

[Wagnerova] Which position would you prefer?

[Filkus] I offered my economic expertise, but, as you know, my offer did not meet with favor. In the end, I had to make my own decision about what to do next. Therefore, I am continuing to prepare myself for the work of an ambassador. I can do some good even there.

[Wagnerova] That is true. After all, we are talking about the need for economic recovery, and Austria precisely could be considered an important partner in that respect. Do you have something to take with you when you set about establishing political, economic, and diplomatic relations?

[Filkus] I certainly will not be starting from ground zero. I have adequate contacts among political and entrepreneurial, as well as diplomatic, circles.

[Wagnerova] But the role of an ambassador covers a broad spectrum. To make the economy a priority could mean to neglect, say, cultural relations.

[Filkus] No, it would not. Quite a lot has been done in the cultural sector already. And we shall continue. But

the point is that, for us, it is important to get economic cooperation under way, not at the ministerial level but directly between entrepreneurs, between regions. Speed up privatization. Briefly put: All of the decisive steps of the Slovak economy during the stage of its recovery should become my main goal in establishing economic ties to Austria.

[Wagnerova] You emphasize speeding up privatization. But we have now reached exactly the opposite. Are the methods that are being used to blame?

[Filkus] Not only the methods, but also the way they are being applied. What I have in mind is that they should be appropriately combined. And that the management especially, which knows the most about its enterprise, should be involved in the process. At the same time, we cannot forget to pay attention to the influence of foreign capital.

[Wagnerova] But who would want to come and invest money in a country with a festering political atmosphere?

[Filkus] In that respect, political stability is crucial. And legal norms. Another crucial signal is an indication of internal convertibility of the currency. From that viewpoint, it is not exactly the wisest thing for our government representatives to have differing views on the question of foreign currency reserves, balance of payments, and devaluation. Neither is it prudent to emphasize that we are changing over to an entirely new reform. Foreign countries are immediately asking what kind of reform it will be. I myself encountered such questions recently. I explained that this concerns merely the fact that, from the very first reform steps, Slovakia was starting with a handicap. The SR economy is more import-intensive, more deeply affected by the conversion of arms production. The eastern markets, where most of its production went, have basically disintegrated. The value of agricultural land is probably lower, and it has lower labor productivity. All of this in comparison with the Czech Republic [CR]. As a result, identical reform steps in the CR and the Slovak Republic had a negative impact on the SR economy. Steps that were already taken in connection with the economic reform—restrictive macroeconomic policy, the liberalization of prices and trade, internal convertibility, privatization—can no longer be reversed. We must follow up on them. But in a way that will avoid the negative impact of that market-oriented process, which affected only the SR economy. Today we already know that we overprescribed the restrictive macroeconomic policy, that we reached a dangerous limit to the social consensus, that the rapid process of price and market liberalization was not in accord with the slow process of privatization.

[Wagnerova] You are saying that we need to follow up on what was already done. How, then, does your opinion square with the official position presented to the citizens, that Klaus's reform is over and that we have our own non-Klausian reform?

[Filkus] I come across similar views in professional discussions. I am even asked whether, by maintaining the continuity of steps, we want to fit Slovakia back into the federal mold. But the question here is not about fitting Slovakia into a federal mold, but into that of the International Monetary Fund. The conditions the IMF stipulated have become decisive.

[Wagnerova] In spite of what you are saying, the view still exists that it will be possible to maintain internal convertibility only by an even stronger restrictive policy.

[Filkus] It is important to continue implementing the restrictive policy, in any case, but at a different level—developmentally restrictive.

[Wagnerova] Can you explain that?

[Filkus] Certainly. For example, it is necessary to quickly assist small and medium-size entrepreneurs by making credit available to them, to simplify rules for calculating depreciation and use tax regulations to create the conditions for a smooth-running recovery process.

[Wagnerova] How do you react to the problem of devaluation?

[Filkus] Unfortunately, I must say that we are discussing devaluation here almost as if we were talking about baking bread. That is not the way it is usually done anywhere else. It is, after all, a serious matter. Devaluation must be a surprise, and there can be no public debates on whether to devalue or not.

[Wagnerova] But you still have not expressed your personal opinion.

[Filkus] First, we need to at least analyze the results of developments in the balance of payments and foreign currency reserves over the past three months. The subject of an analysis should be, in the first place, relations between the CR and the SR. For the time being, we have only short-term data to work with, and they change literally from day to day. Only after evaluating such an analysis will I be able to take a meaningful stand on the matter.

[Wagnerova] Are you satisfied with the way the SR Government manages the economy?

[Filkus] It has a hard job. The government is now getting into the stage of approaching market conditions, when real bankruptcies of entrepreneurial entities will take place, and when it will also have to expect a further increase in unemployment.

[Wagnerova] When can we expect the economy to recover, which is what interests citizens the most?

[Filkus] I assume that will be in the second half of 1994.

[Wagnerova] According to your opinion, the government is in a difficult position. After the resignation of L. Cermak, it is now acting under a single political trademark. Would it not be more prudent if it were to reorient

itself toward cooperation with other political partners, give them the opportunity to work in the government and share responsibility?

[Filkus] The government program in the new constitutional setup is being newly formulated. After it is passed by the parliament, it would be a good idea for the government to offer the possibility not only to cooperate but also to share responsibility in its decisions. But first we must have the program in hand.

[Wagnerova] Are you sharing in its creation?

[Filkus] At the political level within the HZDS framework, I participate in discussions.

[Wagnerova] How do you assess the ideas for economic recovery announced by the SDL [Party of the Democratic Left]?

[Filkus] It could become a good basis for discussions between the HZDS and the SDL.

[Wagnerova] The KDH [Christian Democratic Movement] also has its own ideas about the economy. Will the HZDS and the KDH talk together about this subject, given the known mutual personal antipathy between the two chairmen?

[Filkus] There is no time for personal dislikes and attacks stemming from them. I am in favor of polite mutual respect.

[Wagnerova] That is an idea that would be welcome in the process of newly establishing ties between the CR and the SR. Good mutual trade is needed by both sides. However, in the top political circles, the atmosphere is strained, which is hurting both sides. What can we expect in the future?

[Filkus] There are few countries in Europe that are as economically intertwined as the CR and the SR. It is, of course, given by history. Every fluctuation has an adverse impact on both economies. I consider the attitude of the Czech side toward the Slovak DIK's [holders of investment coupons] inappropriate, no matter what the reason for it is. The plus is that the Slovak Government does not plan to retaliate. A certain tension, such as you mentioned, does exist. But it cannot be considered general. Its authors are some politicians or ministers from the CR.

[Wagnerova] Is everything in order on our side?

[Filkus] We can speak about a certain unpunctuality and slowness.

[Wagnerova] The fault is therefore on both sides?

[Filkus] On both sides, to the extent that only those do not make a mistake who never do anything. However, as far as the attitude toward the DIK's is concerned, I am convinced that the broad-mindedness of the Slovak Government will be noted even abroad.

[Wagnerova] What upset you at the HZDS congress?

[Filkus] I am sorry that Mr. Knazko parted with the HZDS.

[Wagnerova] What conclusions did you arrive at as a result of the HZDS congress?

[Filkus] I consider the updating of the movement's program important, especially from the viewpoint of maintaining the continuity we already talked about, to avoid creating the conditions leading to the kind of social problems that could become an obstacle to having the market mechanism functioning in the entire economy as soon as possible. I also think it is a positive sign that the younger generation is gaining important positions in the HZDS.

[Wagnerova] Are you in favor of maintaining the movement, or would you rather see the creation of a specified party?

[Filkus] We already capitalized on the form of a broad center of a movement before the election. In the next stage of the crystallization of the political scene, we would hardly find this form adequate, especially when it comes to securing a partner abroad. That will be very necessary and important.

* Jusko on Central Bank's Monetary Policy

93CH0550A Bratislava PRAVDA in Slovak 31 Mar 93
pp 1, 3

[Interview with Marian Jusko, vice governor of the National Bank of Slovakia, by Ivan Podstupka; place and date not given: "The Monetary Program for 1993: More Loans"]

[Text] The excitement over the political division of Czecho-Slovakia has abated but that of the economic division is growing. Dividing up the federal property has proved to be much more complicated than was outlined to us by the smiling politicians a short while ago. Slovakia is independent, but it is also alone in facing its economic problems and the changing demands on the part of the Czechs. We are speaking about this with the vice governor of the National Bank of Slovakia, Eng. Marian Jusko, C Sc [Candidate of Science].

[Podstupka] In LIDOVE NOVINY on Friday, 26 March, the governor of the CNB [Czech National Bank], Josef Tosovsky, "specified" that the NBS [Slovak National Bank] debt to the CNB from the division of the SBCS [State Bank of Czechoslovakia] amounts to 24.7 billion korunas [currency not specified]. Is the NBS willing to accept that figure?

[Jusko] In the sense of the law of the FZ [Federal Assembly] on the division of the federation's property, the individual assets and liabilities of the former SBCS are to be divided up between the NBS and the CNB. The Price Waterhouse international auditing firm is doing

the distribution. We do not know its position and therefore cannot yet express an opinion on any definite sum.

[Podstupka] The governor of the CNB is, however, speaking of this amount mentioned as the final one....

[Jusko] I read his position that the amount of the obligation is not a matter for discussion. Governor Tosovsky obviously has his reasons for that. He represents only one of the interested parties, however. Another is the NBS, and the final one is the international commission for the division of the federation's property, in which the NBS has representation.

[Podstupka] Despite some explanations, it is still not clear why the Slovaks should pay the Czechs this amount at all, which is obviously not going to go up or down very much.

[Jusko] The fact is that, in the recent past, the Slovak banks deposited fewer resources in the SBCS than they drew out through the refinancing loans. That is a matter of credit relationships between banks where the obligations and claims must be met. Another fact is the law of the former FZ on dividing up the property of the federation.

[Podstupka] What is the current status of the claims and obligations of the CR [Czech Republic] and the SR [Slovak Republic] that result from the division of the federation's property?

[Jusko] In the old account—that is, until the currencies were split up—the SR on 26 March had claims against the CR of 1,316 billion settling korunas. In the new account, since the split and up to the same point, we had an obligation of 30.2 million settling ECU's [European Currency Units]. (Editor's note: According to the exchange rate of 29 March, XCU = 36.187 Sk [Slovak korunas], that is, Sk1.093 billion). In the past 10 to 15 days, the situation in that account has been developing favorably, and the SR's obligation has been substantially reduced. On 11 March, it was still above 50 million ECU's.

[Podstupka] What is the reason for that?

[Jusko] The bank does not keep records on the movement of goods between the SR and the CR but only follows the payments. At this time, we still cannot say whether the development is caused by an increase in exports or a decrease in imports as a consequence of our enterprises' inability to make payments. It would be ideal if our exports to the CR were strengthened and the imports reduced. It would be unfavorable if both items dropped because that would mean an unwanted reduction in mutual trade, with many negative consequences.

[Podstupka] The NBS Bank Council several days ago approved the Currency Program for 1993. What is its dominant feature?

[Jusko] From the standpoint of the situation of the Slovak enterprises today, it is the forecast growth in credit for the economy. The significant changes will take place as early as the second quarter. We will give the economy more credit, as is predicted by the conclusions of the meeting in Stara Tura, but only as much as will not lead to inflationary developments. This year the loans could grow by 14 percent as compared with last year. Just in the second quarter we figure on an additional Sk8-8.5 billion.

[Podstupka] Will the NBS make it possible to have a smooth release of credit throughout the entire year?

[Jusko] That depends on various circumstances. For example, in the past few days, we have been limited by the cash content of the state budget, where there is stealing from the framework that should be directed at reviving the economy. Part of the banks' liquidity is being used to cover the deficit in the state budget.

[Podstupka] At Monday's meeting of farmers and parts of the government, it was said that bills of exchange will not be used for short-term bridging of the catastrophic financial status of the enterprises and private owners. The central bank should also push that possibility.

[Jusko] We gave our branches the signal to rediscount the bills of exchange of the agricultural enterprises. Of course, we cannot make loans directly to the enterprises; that is a matter for the commercial banks. They discount those bills, and the NBS will rediscount the bills. I should mention that the commercial banks do that only when there is an expectation of overcharging the bills and meeting the time schedules of their maturity. That is derived from the biological cycle in crop production, which is about 180 days. We intend to free up some billions of Sk through this channel. By the way, we could have rediscounted such bills from the first of the year, but, so far, we have not recorded them in our portfolio to a greater degree.

[Podstupka] This, as well as other forms of credit, threatens us with higher inflation in the current log-jammed economy. What has been its development to date?

[Jusko] Inflation in the first two months of the year is at 10.5 percent, thus, more than we had predicted. We had planned on 14 to 17 percent for the year. Our politicians must therefore be circumspect. The Bank Council set the condition for carrying out the Currency Program of a realistic development of the macroeconomic indicators.

[Podstupka] The NBS still is not publishing information on the state of the hard-currency reserves. Can you at least give us the general trend?

[Jusko] They have stabilized, and the overall hard-currency position is not getting any worse. Now we are resolving the question of how to strengthen it. The government is preparing certain steps in that area. It

concerns mainly privatization, measures involving imports, the stimulation of exports, and the input of foreign capital.

[Podstupka] The mission from the International Monetary Fund has been here two weeks. What has it been investigating?

[Jusko] It directed its attention at the field of accounting, the system of payments, and the organization of the National Bank. It audited the fulfillment of the recommendations of the IMF mission of December 1992. On the whole, it was satisfied with what the NBS has achieved in those fields since it was established. We are capable of carrying out any further recommendations that result from its analyses by the fall, when it will come again. I would point out that the IMF mission, in contrast to the one that was here in February, does not have an immediate influence on signing the letter of intent, but is directed exclusively at the technical side of banking.

* Ecological Damage Costs Added Up

93CH0561B Prague EKONOM in Slovak 7 Apr 93 p 23

[Article by Eng. Jaroslav Fidrmuc, C Sc [Candidate of Science]: "Ecological Accounting To Date; Just an Enumeration of the Damages"]

[Text] Work has been going on under the auspices of the United Nations for a number of years now on a revision of the system of national accounts (SNA), representing a modern form of accounting and statistical registration of macroeconomic activity that is recognized throughout the world. In the Slovak Republic, work is being done on the creation of the SNA system at the Economic University in Bratislava and in the Slovak Statistical Agency. Part of the ongoing world revision of the system of national accounts is the development of satellite accounts, which should make it possible to study the relationships between economic activity and the environment. It represents a specialized system of integrated ecological accounting and has a supplemental and satellite nature in relationship to the SNA. It consists of accounts of natural resources and the environment and is already prepared, in general outlines, within the UN.

Already today, however, sometimes in the discussions and the actual tallying, this is being carried even further and, from the gross national product [GDP], there is a settling of accounts being done directly of the losses in natural resources and the environment. In experimental calculations of the net economic benefit, there are also calculations being made of the so-called green national product. For example, according to French accounting for the former CSFR as a whole, the losses in the environment impoverished the GDP by 6 to 7 percent. It was substantially more with the losses in natural resources included.

Enterprises' Ecological Accounts

All of this ecological accounting must be carried down to the enterprise level. As long as the overall costs to the environment do not show up in the enterprises' accounts and statements, the same as the other costs (for example, wages and materials), the necessary economy will not be exercised with the ecology. At many enterprises, it is therefore obvious that the losses in natural resources and the environment that must be put down to their accounts are so great that their green national product is minimal or even in the minus figures.

Let us take an example: The overall ecological impact of the triangle of the aluminium plant in Ziar nad Hronom, the electrical power plant in Zemianske Kostolany, on the Upper Nitra River, which produces the electrical energy for it, and the Slovak coal basins, which extract the coal for the above electrical power plant is so great, even without any detailed calculations, that it would be necessary to substantially raise the price of their products (particularly the aluminium) in order for them to have enough resources for the protection of the environment or—and this would be the market way—to import substantially cheaper aluminium. The complex question of employment in that region does not change anything in this equation.

Penalties for Pollution

It is true that today there are already taxes and fines for polluting the environment (whether the atmosphere, the water supplies, or the soil, with solid wastes). In essence, an enterprise can pay these charges or even fines (there also exists the possible extreme of officially stopping its operations), or, at the price of expended costs, can ensure the protection of the environment. In part, these fees and fines are still small, however, and, with inflation, are rapidly becoming less in value, so long as there is no adjustment in the rate. Moreover, there still exist exceptions and other possibilities for avoiding payment.

There is therefore a question here of what costs should be included in the ecological accounts of the enterprises. Practical needs indicate that there should be not only the costs actually paid out in fees for the pollution of the environment (it is forbidden to include the fines paid in the costs for these accounts) or the expenses paid out (as far as they concern investments and their depreciation).

Actual experience, especially with foreign enterprises, which often are not willing to establish joint ventures as long as the government will not provide guarantees for possible ecological damages (in some cases, because mostly there is not even a survey of them in existence), indicates that all ecological expenses discovered by an

ecological audit should be included in the ecological accounting of the enterprises. Any eventual changes—for example, as a consequence of making the norms for the protection of the environment stricter or a new ecological audit with stricter conclusions—would be expressed in these enterprise ecological accounts by adjusted entries.

The System of Satellite Accounts

The ecological accounts of the loss of natural resources or in the environment should form a special system of satellite accounts of the enterprises for the branches and divisions of the environment set up by the enterprises, just as in the same way throughout the world the individualized system of integrated ecological accounting (SIEA) is tied in with the national accounting.

Opposite the ecological debits—that is, the losses and damages—should be the credit side (what the enterprise has already done for the creation and the protection of the environment). The balance represents the internal indebtedness of the enterprises vis-a-vis the environment or, what is better but for now a quite isolated phenomenon in most enterprises, by how much the enterprise has succeeded in improving the environment through its activities.

Some of the literature states that this satellite accounting system includes the physical accounts of the natural resources and the material flows of certain sensitive substances (for example, certain chemicals and heavy metals) and the monetary accounts expressed in currency amounts.

There is no disagreement about the fact that, in the aggregate expression in a market economy, the value or monetary expression has a special significance in the national economy and the enterprise economy, as well as a basic and compatible statement for the overall accounting. This presupposes a systematic economic audit of the ecological problems, as well.

The Role of the State

The state can and must have a great role in implementing ecological accounting right at the enterprises. In essence, it must require of the enterprises that they annually compute in their balance accounting what consequences their operations had on the environment and the natural resources. It is necessary to decide, however, in what form and in what final account. It is likewise necessary to ensure that this enterprise ecological accounting is compatible with the system of integrated ecological accounting within the system of national accounts as an economic data base for the national economy.

Federal

Projected Economic Trends for 1993

93BA0900C Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 29 Mar 93 pp 29-30

[Article by Branko Ilic and Rajko Bukvic of the Republic Institute for Development in Belgrade: "Expectations During the Upcoming Period"]

[Text] The projected economic trends during the upcoming period are based on the following assumptions: First, economic activity will continue to take place in conditions of a reduced volume of trade with the surrounding area, for the well-known reasons, and secondly, the influence of instrumental exogenous variables (economic policy measures) in regulating economic trends has actually been reduced to a minimum, and it is assumed that during the upcoming period the tendencies in their trends will be maintained. That applies to the trend in net wages of employees, the "black" foreign exchange rate, and the money supply.

Taking into account the trends to date, as well as the announced projections (the money supply), we assumed their following monthly growth: 30 percent for the monetary aggregate M1, 50 percent for the "black" exchange rate, and 50 percent for employees' net wages. The known trends during the first two months point out that these assumptions are quite restrictive, that they are virtually a "lower limit" for the corresponding trends, and that they could also be expected to be exceeded, which would result in corresponding changes in the trends in endogenous variables, and primarily a larger growth in the expected rate of inflation.

Industrial Production

With these assumptions, during the upcoming period we can expect the following trends in the basic macroeconomic indicators. Industrial production, as an indicator of overall economic activity, will continue to decline—in March, April, May, and June, a decline in the physical volume of industrial production in comparison with the average in 1991 is expected, of about 30 percent, 40 percent, 43 percent, and 43.5 percent, respectively. This kind of accelerated decline, however, is particularly evident with respect to the same months of the previous year, and actually represents a result of the relatively high base (the first months of 1992). Viewed in terms of changes in the trend-cycle component, industrial production will be stabilized during the second quarter at the level of about 55 percent. During the second half of this year, one could therefore expect a slow stabilization of economic activity, naturally at a very low level in real terms.

The declining trend in economic activity is directly linked to the reduction in the degree of market stability. The concept of maintaining the operation of the market based on the parities that existed before the imposition

of the UN sanctions through the abundant use of monetary policy to stimulate economic activity and through administrative control in the area of prices was able to yield results and alleviate the negative effects of the sanctions, but only for the short term, and not the longer term. The current market instability is therefore due to the need to create new market parities adapted to the conditions and effects of the sanctions. The structural component of inflation under these conditions continues to gain in significance, increasingly separating the economy into two parts—one that has a product acceptable to the market, and the other which, in view of the natural and level of the installed capacity, cannot ensure minimal conditions for efficient operation. The closed market is aggravating the problem of the lack of coordination in the structure of supply and demand, and the disruptions caused by this are further stimulated by the fact that the above-mentioned trends are having more of an impact on the large and (in terms of technical and economic performance) inflexible systems in the production of the means of labor and durable consumer goods, which usually have a monopolistic or dominant position in the market. Since their prices are rigid from below, they respond to a decline in demand by reducing production and increasing prices. Under such conditions, even a restrictive monetary policy (with the growth of monetary aggregates lower than the growth of prices) has strong inflationary effects.

Furthermore, the nature of the requirements being financed from the primary issue suggests the possibility of rebalancing them, because achievement of the projected fiscal revenues at the federal level has been prevented (among other things, by the reduction in revenues from customs and other duties, as a result of the official exchange rate's being held for a long time at an extremely unrealistic level).

Prices

The rational expectations of the economy and the population in the area of prices are very realistic, and so economic policy is losing a basis for formulating and implementing a rational stabilization policy based on market instruments. Economic policy can no longer have an active role and start to carry out partial measures aimed at healing the disruptions already caused. Under such conditions, economic policy measures become easily predictable, and are incorporated in advance into rational expectations. Trends in the "black" foreign exchange market have a particularly significant effect on the formation of rational expectations. Its legalization is therefore essential, but also adequate measures to regulate it. That applies above all to controlling trends in the money supply.

The growth of the "black" foreign exchange rate has a stimulative effect upon the growth of prices, in addition to the effect upon the formation of the level of rational expectations of the economy and the population, and also on the basis of the increase in the nominal level of effective demand and the growth of expenditures. In that

context, very characteristic are abrupt changes (and in the opposite direction) in the money and foreign exchange market, to which prices react, as a rule, by growing, and not by declining. The beginning of the year also brought record price growth, even for our conditions. In view of the structure of the price increases that have taken place to date, with a significant growth in the prices of energy sources and transportation services, as well as the increased difficulties in the supply of oil and derivatives, one should not expect any significant slowing of price growth during the upcoming period, even if more radical measures were undertaken in the area of regulating prices. Short-term inflationary impulses (the monthly growth rate of the foreign exchange rate on the black market, net wages, and the M1 monetary aggregate) are also expanding, regardless of a certain settling of the "black" foreign exchange rate in recent days, all of which indicates that there will not be any slackening in the inflationary expectations of the population and the economy.

The model's estimate of price trends indicates that during the coming months, one cannot expect price growth lower than 115 percent per month. In this regard, in March one should expect a growth of over 210 percent, with the rate of inflation then slowly declining: in April to about 170 percent, in May to about 140 percent, and in June to about 115 percent. Naturally, it is assumed that the direct causes of inflation (expressed primarily in the growth of the "black" foreign exchange rate, the money supply, and net wages) will not grow more than state above. It is obvious, however, that it could happen that the growth of prices in all the months will be even higher, which would primarily be the result of the further coordination of the long-term trend in the above-mentioned basic nominal values—the "black" foreign exchange rate, net wages, monetary aggregates, and the general price level, and especially a "break-through" by the projection of monetary policy, which one can also count on during the upcoming period.

The projected changes in prices did not assume a possible "freeze" on prices (and wages), regarding which there are no coordinated opinions even among the creators of economic policy. It would certainly lead to a momentary settling of inflation (although the question is, at what level of price growth), but one should not even speak of any long-term effects of this kind of measure, especially if there were an attempt to adopt some sort of general solutions that would not take into account the real position of enterprises in the market (primarily, whether there is any competitiveness in the given production, and to what extent), as well as the possible effects upon production itself and the market supply. In the area of the standard of living, one should expect a continued decline in the populations real earnings from all sources. The trends in this area are directly linked to the situation and changes in the market, and it is essential to view them in that context. The possibility of combining the social dimension and the dimension of stimulating production in distribution of the national

income, in view of the decline in its volume, has become much more difficult. Specifically, an increasingly more significant part of the population is at a level of earnings that only ensure minimal subsistence. That, naturally, is an important obstacle to ensure a stimulative effect of distribution upon the volume of economic activity. It is indisputable, however, that social policy should not be conducted through macroeconomic measures (interest rate policy and monetary policy), because the instruments for achieving other goals thus become extremely scarce. Specifically, the decline in the population's standard of living is directly linked to the decline in economic activity, and economic policy should be focused primarily on reviving economic activity.

The decline in the people's standard of living will have a particularly unfavorable effect upon domestic trade, and thus on the sale of finished products in industry and other activities. The change in the inventory of finished products will have a downward trend (11.8 percent lower in 1993 than in 1992). In view of the decline in overall economic activity, that will increase the volume of the economy's frozen working capital per unit of sold production, and thus there will be a growth in expenses (the economy will be forced to pay interest on that capital, or, if it possesses its own working capital, to keep it out of use).

Exports and Imports

The development of foreign trade activity is still uncertain under the conditions of the application of UN sanctions, and beyond domestic economic policy measures. Proceeding from the effects already shown to date, it is clear that one should not take into account any significant changes in the level of foreign trade activity in planning economic policy for the upcoming period, even in the event of the lifting or alleviation of the sanctions. If the sanctions are applied with the same intensity in 1993 as in 1992, one can expect a decline in the volume of both imports and exports of about 50 percent, with a negligibly smaller decline in exports.

The other possibility—reactivating foreign trade—will not, however, mean that production will automatically return to the level that would have existed in normal conditions. It is essential to bear in mind the significance, concealed by the effects of the blockade, of the domestic generators of the market contraction and the high level of inertia in trends in production and trade. Consequently, assuming that a renewal of foreign trade activity would start as early as the beginning of the second quarter, the physical volume of production would grow by only about 12 percent in 1993 in comparison with 1992, exports by about 30 percent, and imports by somewhat more than 15 percent.

Operations of Dafiment Banka Considered

93BA0915D Belgrade VREME in Serbo-Croatian
5 Apr 93 pp 14-17

[Article by Dimitrije Boarov: "Is Dafina Vanishing Like Jezda?"]

[Text] Were Dafina Milanovic to make a list of "large depositors" who in the last three weeks of financial panic, following Master Jezda's flight from the country, allegedly withdrew all of \$350 million from the Dafiment Banka, probably almost the entire war and "patriotic lobby" would see the light. Only when that elite echelon for support of the aggressive Serbian Government had gotten its own out of the profits for social security did Mrs. Dafina declare that the crowd of savings depositors assaulting the windows of her bank included quite a few who "someone has hellishly organized in order to shake Serbia from within."

If the figure of \$350 million is one of those arrogant lies that the "Serbian mother" has not desisted from during the last year of the improbable boom of Dafiment Banka, although the payments are incomparably smaller, the impression remains that the government was called in to help only when the real beneficiaries of social peace had saved their money, at "one minute before the new sanctions," which will perhaps cut into speculative business better than Milosevic's fight against crime. The point is that the public appeal for help was sent to a government that can no longer help.

Setting the Scene

Because on 31 March Mrs. Dafina announced a fight against traitors in her own bank and declared war on the external enemies who are breaking down doors at her branches, she has actually set the scene for the drama which is coming for her cherished Serbian state. Because it is a question of a "future that has already begun," the story about Dafiment Banka deserves somewhat broader treatment.

The decision by Dafiment Banka to set a limit on the payment of foreign exchange deposits and interest at 1,000 German marks [DM] or 500,000 dinars from 30 March to 5 April is only an attempt to legalize what has been happening to ordinary mortals and depositors of that bank for several weeks, since 8 March, when Jugoskandik went bust and when it was clear to any sane man that a wave was forming that even Dafina could not withstand. This was realized with lightning speed by those who "the largest Serbian banker" had allowed to withdraw even the largest deposits "for justifiable reasons." That is, although back on 12 March she had announced that because of the panic Master Jezda had caused "she would not allow anyone to withdraw foreign exchange deposits before term," Mrs. Dafina is now lamenting that \$350 million evaporated from her accounts because of contracts canceled in March. It is obvious that the biggest fish got away, because if the limit had been imposed back during the "ides of March,"

more than 500,000 savings depositors would have received their money, at least 20-fold more than actually have reached its windows in this period. It is difficult at the moment to evaluate the situation in Dafina's treasury, but it is doubtful that even this limited payment will be regularly enforced, because dinar aid up to 5 billion from the National Bank of Serbia was formerly enough only for one day's operation of Dafiment Banka. Another indication that the government has not "broken its back" to save the bank or is simply unable to do so is that Dafina allegedly received that loan at 300 percent monthly interest, because it was supposedly granted from the last reserves and secured with gold as collateral.

It seems that Zeljko "Arkan" Raznatovic, a realistic people's deputy and well-known commander of volunteers, "pulled his chestnuts out of the fire" among the "large depositors" back on 11 March (three days after the news of Jezda's flight). In his well-known style, which is captivatingly simple, Mr. Arkan on that day suddenly sold his currency exchange office "Delje" in Cumicevo Sokace for no less nor more, as he himself has been saying, than DM1.5 million. Everyone perceived it not as a sale, but as collection of a bill at parting. How many other realistic followers of Karadzic or Hadzic and their friends in Belgrade pulled out in the days that followed will perhaps be learned one day, but probably it will not be. Ordinary people, whom the government has moved from the center of the city to lines in front of the ticket windows of the JNA [Yugoslav People's Army] Stadium have been left holding the bag, exposed to the misfortune of the blizzards of poverty. And even there for a long time only several of the 28 possible ticket windows were open.

Doubting Thomases

It was clear that Mrs. Dafina was "dragging out" the servicing of her savings deposits until someone with more power than she has takes full responsibility for lowering the astronomical rates of interest.

To be sure, Mrs. Dafina Milanovic herself felt on 12 March that "behind the back of Jezda's scandalous flight she could drop interest rates to one-tenth their present level (24 percent per annum on deposits in German marks for terms longer than 12 months). But at the same time, that bright lady suspected that if she did that, she would be cutting the branch she has been sitting on for more than a year and a half now, and so she promised the pensioners that she would maintain the old preferential rates of interest, and twice she extended the period for commencement of the lower rates of interest—so that she might continue to finance doubting Thomases with the money of those who would have a craving to continue the game of chance (and as a matter of fact, for several days such people "fought" in front of the Hyatt to try their luck once again under the attractive old savings conditions). That entire operation of cooling off speculative interest rates, which really did for a long time maintain the "St. Anthony's chain" at a good pace (and the new depositors paid the old ones, and Mrs. Dafina

and her people had a fabulous "take"), the "Balkan Rothschild" justified by turning toward a sounder and more difficult future. Mrs. Dafina, that is, has now made the statement that has already become famous. "We must live primarily from our work, not from interest!" Good morning, rock and rollers!

Dafina Milanovic obviously did not have time to wait for the lowering of her interest rates to be taken over by someone else, for example, the new federal prime minister, Radoje Kontic, to whom, according to VECERNJE NOVOSTI, she sent a letter with rather extensive advice as to what he should do. In that letter, she is said to have stressed that "interest on foreign currency ought not to be higher than 3 to 5 percent above the domicile rate for the currency to which it applies, and everything above that would be taxed at 100 percent" (half from the bank, half from the savings depositor). It is interesting that in his policy message in the Yugoslav Assembly on 29 March, Prime Minister Kontic did announce a limit on foreign exchange interest rates to the level of the foreign domicile rates, with some incentive. But if in that sense he supported an outflow of foreign exchange to foreign countries, at the same time he announced a number of measures against that policy, as well as a number of other measures that are supposed to increase the inflow into the altogether exhausted foreign exchange reserves of the National Bank of Yugoslavia. Theoretically, all those measures would reduce the revenues of Dafina Trejd and other numerous Dafina companies in the country, which in collaboration with some 26 companies abroad, would turn over the savings of the public in lucrative transactions. But that is theory and one day the practice may be cleared up. After all, no one actually knows how much of the people's money Dafiment Banka spent in the Yugoslav war and how much it actually moved abroad through its joint firms in foreign countries. It is interesting to note that the Federal Foreign Exchange Inspectorate has announced that it will conduct an audit of Dafiment Banka as well, but nothing yet has been heard as to its finding, although in the case of examining Panic's ICN Galenika that agency displayed exceptional speed in alerting the public through the Novi Sad Radicals as to the results of its investigation.

Trip Around the World

Of course just as in most of our banks (private or those that have become joint stock companies), is at Dafiment Banka many things are not in proper relation to all the legal requirements. It is not very well known that in legal terms there are two Dafiment Bankas, one whose permit to work with foreign exchange was withdrawn last year by the board of governors, and the others that registered with lightning speed as a joint bank (presumably as a Serbian-Jewish bank). That is, with the help of the now notorious Serbian national worker, Klara Mandic, Izrael Kelman, previously a publisher in Israel, has gone into business with Dafina—so that through his subscription of capital Dafiment Banka immediately gained the status of a bank with broad foreign exchange authority. And that means that Dafina has gained the right to export

capital from the country through banking channels in the form of payment of external obligations. If we examine in that light the statement of Mrs. Klara Mandic, whom we have mentioned and who is the newly appointed adviser to Dafiment Banka, to the effect that on 1 April she sets out on a "trip around the world as an ambassador for the bank," in order to link our people abroad to Mrs. Dafina's capital, because "by the very act of investment they will be closer to one another, because capital is the most powerful means of bringing people together," then it is possible only partially to discern on what web of mutual interests "of all the Serbs of the world and others" the people around Dafiment are standing. To be sure, the reports from border checkpoints with Hungary indicate that Mrs. Dafina has not hesitated to use more commonplace channels for the international traffic in money. At the Horgos-Reska crossing in early March, four customs officials were found to have received foreign exchange loans of DM20,000 with a repayment term of five years and a 20-percent rate of interest, and those loans were approved by Dafiment Banka from the funds intended for agriculture "so that the peasant has the certainty of investing in normal production" (BORBA, 13-14 March).

Running for Help

A question that will soon be exceedingly topical, when the estate is assessed, is in what businesses Dafiment Banka has invested money in the long term. Dafina Milanovic has not been giving precise answers to that question in the past. Supposedly she has already invested \$40 million in preparations for and construction of two large business centers in Belgrade (near Vuk's Monument and on Slavija). According to other reports, she has supposedly purchased for DM7 million the majority share in certain factories of Simpo of Vranje. We do not know what money was spent on the project to bottle fresh water from the Savnik, which supposedly has been selling well both in our country and abroad. According to the notorious Belgrade "protocols" (which are similar to a payoff to the city, but responsible people say that they have no essential connection with them), in exchange for the right to a railroad site (near the Vuk already mentioned), Mrs. Dafina is said to have invested DM25 million in completion of the "fast track" to Pancevo (it is unclear whether that loan should be included in the previous \$40 million). Of least benefit to Dafina's possible creditors is learning how much her bank actually invested in the business center in Erdut, in Krajina. Perhaps the firms abroad have eaten up the most (there are 25 of them), but even that figure cannot be settling to Dafina's depositors—on the contrary.

Nor has the dinar side of Dafiment Banka's business operation (certainly closely related to the foreign exchange operations—but across the street) been much advertised with the public. POLITIKA of Belgrade noted back in early February that Dafiment Banka's giro account had slipped—for example, from an overdraft of 9,247,909 dinars on 1 February to an overdraft of 1,309,794,390 dinars (a 150-million-fold increase [as

published)) on the very next day—2 February. That is why the Central Bank in mid-February came forth first with 2.5 billion and immediately the next day with 3.5 billion dinars of aid. Which means, the issuing bank did help, but not with a sufficient quantity of cash.

The Myth About Custodians

The public has yet to learn what kind of ties Dafiment Banka has had with the Federal Government and what with the republic. Many specialists, like Danijel Cvjeticanin, believe that neither Jezda nor Dafina were owners of private banks in the true sense of the word, but that the money houses were "invented" in political centers of power in order to replace the compromised "socialized" banks which two years ago saddened foreign exchange savers in Serbia and Montenegro to the tune of about \$3 billion. At the same time, those were the banks for financing the war on the soil of Bosnia and Croatia and for getting around the sanctions. If they are understood in that light, then their ruin indicates that peace is approaching and that Milosevic is "undercutting" the material basis of the war lobby with his drive against crime.

Recent events have in a way also eroded the myth about Jezda and Dafina as custodians of social peace in the FRY. Mrs. Dafina has been arrogantly advertising the lie that she has over 14 million depositors, that is, more than the population of the FRY. She has been explaining it in terms of the number of supposed depositors who are emigres and by giving examples how supposedly Hungarians were coming "in busloads" to deposit money with her. People with any specialized knowledge at all have long known that it is a lie that can legally be called "fraud." After all, Mrs. Dafina is now acknowledging that it is a question of 17 million "transactions" (contracts). Because in theory each depositor could have five or six such contracts on the average, it is estimated that there are about three million people in front of the windows of Dafiment Banka. The author of these lines, on the basis of Jezda's portfolio of 100,000 depositors, estimates that Dafina had 500,000 at the most. Incidentally, however many there might have been, all the rest of us have been financing their "social peace," and the cream was skimmed off by those whom this March Dafina "allowed" to take back their deposits before term (assume that they took only \$35 million—it is too much). Those are the ones whom we can refer to as the true beneficiaries of the civil war and social peace in Serbia.

Imitation

It is, of course, impossible to forecast how all this will end and whether Dafina's imitation of the Serbian political scene and Socialist-Radical scenario will extend the life of her bank, as that scenario has extended the life of this government. Bojan Dimitrijevic, assistant professor in the School of Economics at Belgrade University, who is the bravest of the experts, has analyzed the Dafiment recipe for success, believes that the government will nevertheless honor this lady's patriotic cries,

and will slow down her ruin. "Master Jezda was thrown out of the plane, but Dafina will be let down by parachute," Dimitrijevic says (in BORBA), backing this up in terms of the government's fear of any large-scale dissatisfaction of the poor.

Very little is known to the public about the group that actually established Dafiment, although Dafina says that it is a "group of eminent lawyers who in 1988 had the first private firm and printing plant with offices in Ljubljana, Sarajevo, and Belgrade." Last summer, in the middle of the fantastic financial progress, Mrs. Dafina's husband, son, and one daughter died in a car accident in Hungary. Statements to the effect that over the casket of her son she made an oath that she would not betray the Serbs and Serbia (INTERVJU, 19 March) and that she loves Andric's sentence: "Only when I am desperate am I worth anything at all" (NOVOSADSKI INDEKS, 6 February), we will pass without comment. Along with the story about the Mercedes she gave to the physician who attended the birth of her daughter, about the time she took off wearing mourning for New Year's 1993, about gold jewelry and other gold articles, about transparent behavior as a Serb, and so on. Other statements of hers on a similar level are that she is "proud that Slobodan Milosevic exists and that she has come to know him as a man," and that "he is something to be admired and just what Serbia needs."

Finally, when the fog and hangover break up in this country, economic historians will record that a woman in the Balkans managed to keep a vulgar illusion about money going longer than did John Law, the famous Scotch economist, with his notorious fraud, when in 1718 he disseminated in France fantastic false promises about earnings on the Mississippi (the Mississippi scheme). But he did not use the formula of internal and external enemies as the cause of his ruin. Dafina is using it, because she is only a woman with our mentality, one of those who are on the ramparts of that kind of Serbia.

Dafina on Successes

93BA0906A Belgrade INTERVJU in Serbo-Croatian
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[Interview with Dafina Milanovic, banker, by Slavoljub Kacarevic; place and date not given: "I Will Not Betray the People"]

[Text] The name which has today become the symbol of financial success in the Balkans was given to Mrs. Dafina because her grandfather, a Serbian soldier from Skobalje near Smederevo in World War I, was one of those evacuated through Salonika and he wanted to cherish the memory of a Greek woman named Dafinos who treated his wounds and took care of him. Today, Mrs. Milanovic, who heads the powerful Dafiment Banka, explains that in mythology Dafinos was the goddess of success who liked to come up against men and beat them.

[Kacarevic] How has Dafiment Banka been affected by what happened to Jugoskandik after the surprising departure of Jezdimir Vasiljevic, the owner?

[Dafina] Have you seen the length of the line in front of the Hyatt Hotel? That is the answer to your question.

I would like to say that it is ridiculous to always be comparing Jugoskandik and Dafiment Banka. We all know that Jugoskandik never even was a bank. You know quite well how I, as a woman, fought for every document, and I won out. I tell you that women are stronger and more able. After all, when trouble came, Jezda fled. You did not expect, and none of you expected that I would go to the people, as you have seen me, and say: "Wait until Monday, I will fight for what I say until I win!" You should have seen then how the people brought chairs to climb on so that they could hear what I was saying. Those who were mistrustful were thrown out of the lines, and some brought what they could scrape together in order to deposit more at just that time. I did not betray the people, and I will not.

So that you will understand why I say that, I will explain to you something that happened to me. The third night after the tragedy, when most of my family were killed, my children came and got into my bed. I have another daughter—Olivera. Ljiljana was a girl who would repeat her examinations until she got a 10. Ljiljana was a girl who was studying three languages. Her teachers said that she had above-average intelligence and memory.

Zivko was the child whom I wanted. When I was to give birth to Zivko, first my Olivera was angry, because it was scandalous that she should be 14 and ½ years old and her mother give birth to a third child.

My brother was angry, what did I need with a third child? My husband decided that in a moment, and I felt that my other children were grown. My life was getting monotonous, I felt I was no longer indispensable to the children and those closest to me. I decided to have Zivko, because I had to give my love and energy somewhere. Actually, Zivko was someone who needed me.

Zivko had teeth at three months and started to walk at nine months. He had little blue-green eyes, very clear, he tended to break things, like I do. The house was always full, all his classmates would be here, there was always a crowd. I was not rich then. I am an economist, and my husband graduated from the Maritime Academy in Rijeka. We lived on our two salaries and were usually in debt, just like everyone else. I am proud to have remained the same in my soul, that nothing has changed me, and that even tomorrow, if I had nothing, I would again live normally and go back to work again and put something together. Our home, which was 42 square meters in area, was overflowing with children, overflowing with people, nothing was ever difficult for me.

When they all left, that third night after the tragedy, when my children appeared to me, I asked: "Son, how am I going to live without you?" In other words, I am

trying to tell you that I experienced it as though they were there, physically, as though I was talking to them. When I asked: "Zivko, how am I going to live without you?" he said: "We came here to make an agreement with you, for you to promise us something. We were angels God needed, and we are with Him. He sent you down there to be our missionary of light on the earth. You were sent with our help and God's, primarily to sustain the people until the hell is over. And you have to do that, promise. Promise that you will not betray us, do not shame us before God. Whenever you have made us a promise up to now, you have never lied, not even when we did not have anything to eat. So promise that now. Promise that you will establish a company and please, Ljilja and I want you not to cry. We cannot help you if you are weak and cry!"

I made the promise to them. I even promised that I would go to church and open the caskets and see their bodies, regardless of how they looked, and that I would not shed tears. There are witnesses who went to the church with me, who helped me to open the caskets. They are the lawyer Pavlovic and the stockholder Micovic, who now has the General Office Bank. They were with me, and my brother. I opened the caskets, I stood in front of Zivko, who did not have a single injury. His face had good color, his little eyes were half open, and there was a little smile. I stood in front of them without a single tear and made a pledge: "So long as Dafina exists, so long as I can work, I will not betray the people, nor will I betray them!"

This is something to someone at my age which is stronger than all the money in this world. There is nothing that exists, so long as I live, that could take that away from me. If they happen to kill me, because I do not know what the day brings, nor the night, this bank will not have debts. This bank has a credit recognized in the world. That credit is in Tel Aviv and will be used when Serbia needs it most. This is known to those who need to know it, this is known to Izrael Kelmen, stockholder, this is known to my brother.

[Kacarevic] Why do you mention being killed?

[Dafina] I am saying that even if someone kills me, this bank will go on. There is a great deal of real estate, a great deal of capital outside the country, 25 companies are operating. Everything is done in this bank, there are all kinds of financial transactions, money is sold for an hour, for a day, for a night. There have never been weapons and drugs. And there never will be so long as I am alive. Those are vices, both weapons and drugs, vices that kill people. I did not take an oath that I would do that.

What I had the courage to start when no one dared was probably once again, if I might so put it, with God's help. After all, I am an economist, I am no different from you. The situation was given and the time was right, but what was done was done with His help. What I mean to say is that I profoundly believe in God and know that He is the

one who metes out justice. Everyone is sent here with a mission to do. He is the one who will judge how I perform it. I love people, although, I repeat, we are the worst, but also the most intelligent people.

[Kacarevic] Do you have enemies?

[Dafina] No, I have never had a grudge against anyone. I want to tell you that representatives of the opposition have been here, of one party, a second and third, a fourth, there were many of them. Only President Milosevic has never been here. Many ministers also came. From both the federal and the republic government. They are still free to come. However, none of them ever asked me for any money, so that all of this is to me ridiculous when they talk about payoffs to the government. No one ever requested that of me, neither an individual, an ordinary person, nor a high official. There is no person against whom I had a grudge or with whom I quarreled, no one to whom I owe anything, who is mad at me.

That is the truth, and you can freely write it. The message to our people is that my promises to the children and to God are much bigger than all this money which they have. There is no power that would tear me away from here. So, I tell you, Jezda always runs, because he is a coward by nature. If all of that is the truth, if they took a payoff from him, if he was unable to work, I would have arranged a news conference here and said all that. It does not matter what would happen to me after that, but I would do that here, not in Hungary.

[Kacarevic] What do you think will happen to his savings depositors, will they lose their money?

[Dafina] I do not know his policy or whether he had any projects at all which could bring in money in the foreseeable future. That Sveti Stefan, when he did that, I told him: "Jezda, here is my calculation for you. Sveti Stefan's best year brought in \$500,000, and now the blockade is coming. You are giving \$540 million for five years. I guarantee you that that is a pure loss!" He told me that there was something else behind that and that I had no idea about it.

[Kacarevic] What could have been behind it?

[Dafina] He was probably thinking that he would be able to work on the basis of what was there...trade in petroleum or I do not know what he was thinking of....

[Kacarevic] Arms smuggling is being mentioned.

[Dafina] I also read the newspapers, but I really do not know....

[Kacarevic] How many depositors does your bank have at this moment?

[Dafina] To tell you the truth, I do not know. Savings are up about 30 percent since Monday. Mr. Jezda did not understand his own people, because he thought there would be chaos when he left. At the very moment when

he did what he did, confidence grew in Dabiment Banka, as did deposits, especially of foreign exchange.

[Kacarevic] How many depositors did you have 10 days ago?

[Dafina] About 14 million. Now you are going to ask me how that is possible when Yugoslavia does not have that many inhabitants? That includes many of our emigres in the United States, who have their managers, it includes 500,000 people from Australia, there are Hungarians, just see how Subotica is doing, who is making deposits in Subotica. And then there are other European countries, Romania, Hungary, Bulgaria, Greece, Italy, Cyprus, Poland, the Czech Republic, Germany, Austria....

[Kacarevic] How do they make deposits?

[Dafina] Their man comes here, closes the contract, and the money stays there. I can tell you that such high interest rates were shocking for them, but even those rates of interest on foreign exchange will be coming down. Serbia's period of stabilization is coming, and then we will arrive altogether at the level of world interest rates.

[Kacarevic] How do you see women in business in our country, because successful firms are rare in which women run the show?

[Dafina] My life has not been ordinary even before I achieved all this. I was under investigation for a year because of a personal overdraft in a current account. However, that was the pretext, and the reason was something else.

I began to work as a treasurer-analyst after I finished the university, until I arrived at the position of financial director. That means that I did every document in the business world, it passed through my hands, and I learned the trade. Nothing can get past me without my seeing from the document or contract who gets how much and whether they are stealing anything. I thus saw from some documents that there was stealing in a work organization, and I said—This has to be paid for or I will report it.... However, I went to prison.

That was another challenge for me, when I got out, to prove, first to myself, to my children, and to those who knew me well, that Dafina was not a criminal and that Dafina was capable of a great deal more.

Six months after I got out, that was 1988, I was a housewife, I was with my children, and I was thinking what to do to remove that stain.

The lawyers whom I met called me up, because they had their own private companies, to take care of their finances. I began to work for them, and in three months, when I had done the year-end statements, they told me that I was overqualified and that it was a pity I did not have my own private business. They lent me the money,

they themselves registered Dafiment Produzece [Dafiment Company], and I went to work with two computers and five employees.

The two years that that financial firm operated were exceptional. There were times when I went in on Monday morning and came out at noon on Wednesday, when I would sleep just an hour when year-end statements were being done. We were doing the finances for 380 firms, I worked from morning to the next day, and I was not sorry.

I was much happier then, because I had my children. It was first to them that I proved who Dafina was. And what I am doing now is a promise which I made. You have to understand me in that light and not ask me how I would comment on Jezda's case and whether something can shake Dafina.

[Kacarevic] What plans does Dafiment Banka have?

[Dafina] The pensioners whom I am supporting will get credits by the end of the week, and they will be able to live on them. I think that will be at an interest rate below that on the market. I want to get the farmers going, because I say that we are an agricultural country, and all the rest comes afterward. If I provide the fertilizer, the seed, and the herbicides to the farmers and agricultural cooperatives and to the Cooperative Alliance, then I will make a commitment to them in foreign exchange of a guaranteed product price if they deliver what they harvest to Dafiment Banka. We will do the same in animal husbandry. Merchants in Italy and Greece are ready in advance to draw up contracts. Instead of interest on which many have been living, I have planned restaurants for pensioners and the hungry. They will have here what they cannot indulge in on their pension, so I will guarantee in another way that they will continue to be able to survive with the bank's help.

[Kacarevic] Why has the bank now lowered interest rates? At one time you said that the high rates of interest were the result of an abnormal situation, and when the situation normalizes, you will move to normal interest rates. Does that mean that the situation is normalizing? Perhaps you know something that we do not know?

[Dafina] It means that I say to you that the war will calm down, that the blockade will begin to disappear, and we should be working....

[Kacarevic] You are now preparing for those conditions. Will that happen soon?

[Dafina] I am right now preparing for what will be, and I say it will be soon. I have not told any lies up to now. I only did not fulfill the promise of linking together the branches, but the computer equipment is being imported from a distant country. It has to go through a dozen countries, and in each place they keep back a little, to reach Serbia, to reach a Serbian bank. Two-thirds of the equipment has arrived, what remains is the main center

for the linkage and that is halfway here. They promised me it would be in Belgrade by 1 April.

As for my lowering interest rates, perhaps I would not have done that yet. After all, chaos has come, perhaps if Jezda were here the bank could have been vandalized. I was not able to reach any agreement with him. He was a man who did not want to accept anything offered him. Now the National Bank is being set up, to place us under control, both the private and the socialized banks. Who does what the National Bank requires will operate, who does not, cannot operate. However, do not think that Dafiment Banka cannot pay high rates of interest. It can, much higher. You know what it means to sell capital for an hour, for two hours, for a weekend, for a night. Those are enormous rates of interest, immense earnings. No one else in Yugoslavia is doing that.

We are a people accustomed to having a lot with little trouble and work, and that no longer works. It is not true that no one is going to come because of the blockade. The Jews certainly would not have invested capital and would not remain as foreign investors if they had not seen how it was possible to work here and live here.

[Kacarevic] When will the consumer credits of Dafiment Banka begin to be issued?

[Dafina] That will be by the end of the week, just like farm credits. A contract has already been completed with the agricultural cooperatives, with the Cooperative Alliance, we have imported fertilizer, another several cars are again arriving, that is in our warehouses, and we will soon be in business.

[Kacarevic] Can private farmers compete individually with the bank, or will this go through the cooperative?

[Dafina] Mainly, this will be through the Cooperative Alliance and the agricultural cooperatives.

[Kacarevic] What are your plans for Krajina and Erdut?

[Dafina] The Dafiment Banka duty-free shop, supermarket, and gasoline station will begin operation in Erdut on Monday, there will be a branch of the bank there, an immense warehouse. There are also plans to make a duty-free zone. I would go into that with my own capital. And then firms like Borovo will probably undertake to restructure their capital, and Dafiment Banka will be involved in that. Also, construction of greenhouses on a 15-hectare site is being completed, and we will employ experts from the School of Agriculture there. To see what of the field crops we can produce now.

[Kacarevic] In recent days, there has also been mention of your business in Montenegro. What of that is true?

[Dafina] I have eight branches of Dafiment Banka there. I would like to see what is going to happen, what the situation is there in general, I am referring to the political situation. Kamenovo, which to me seemed like the most beautiful part of the Adriatic, is neglected. That

Kamenovo should be upgraded and made into something that will attract the world.

Once again I say, I am not just an optimist. I see that the situation in Bosnia will calm down, that the war will calm down, and that there will no longer be reasons for Serbia to be subjected to the sanctions, nor Montenegro either, and that the world will understand that it should operate differently. I am not talking off the top of my head. I think that I have said enough, and you come in about two months, and tell me: Why, Dafina, is that not the case, when you said that it would be different....

[Kacarevic] How much is the state of Serbia protecting you and helping you, and how much are you returning to the state of Serbia?

[Dafina] The state of Serbia is helping me a great deal. A notice arrives that they need money on the basis of the tax on interest, so that on the basis of the notice the people in the SDK [Social Accounting Service] take 8 billion [currency not specified] from our account, although there is no official decision, although there is no appeal of that decision. But a notice arrived that they needed money, and they took it. What am I to tell you, the financial police have been sitting here for six months without finding anything, but they are here and "helping me terribly."

[Kacarevic] They are not going to find anything, or really there is nothing to find?

[Dafina] There is really nothing to find. Every document in Dafiment Banka has to be clean. For instance, we have been penalized for not keeping our books up-to-date. It is true that we got behind before the year-end statement and we should have been penalized.

[Kacarevic] Gazda Jezda says that he financed the election campaign. Did you also get involved in that?

[Dafina] Not only did I not get involved in that, but no one ever even called me on the phone to seek money for political actions. There is no money here for politicians, there is no money for ministers in the government. Any one of them can come on the scene and adopt a program, but that program must be one from which Serbia can live. If there is no program, if there is no profit for the bank, there is no point in anyone even making a telephone call.

[Kacarevic] Are you protected by the State Security?

[Dafina] No. I have security, there are about 120 young men, that is my security. They are boys who were champions in karate, boxing, and full contact.

[Kacarevic] Do you have plans to go into politics?

[Dafina] No, up to now I have not wanted that. The Council of Savings Depositors has decided that I should be their representative in the Assembly. In a way, I am sorry as an individual that I did not get to that Assembly, because I know a great deal, and I would tell them

everything I know. The desires of the people and its call for help ought to be heard by someone, but no one is listening to the people.

[Kacarevic] Do you have any comment in connection with the arrest of the ministers?

[Dafina] I am grateful that creation of the law-governed state has finally begun.

[Kacarevic] Where will that business end, according to what you know? Who is next?

[Dafina] That I do not know.

[Kacarevic] Was the former prime minister one of those people, from what you know?

[Dafina] I do not know, but I know to whom you are referring. I had a battle with him from the outset. I got the bank registered two years ago in July, and even in October he issued an order to shut down Dafiment Banka. I had no idea at all why the bank was being shut down. They broke in like a horde and shut down the bank. Of course, 24 hours later an apology came, because the papers were inspected, and I continued to operate. Afterward, they came to me for money, every month for pensions. I gave because of the people.

[Kacarevic] Were those loans?

[Dafina] Yes, those were loans, and everything was repaid, even ahead of time. The National Bank of Yugoslavia was my guarantee.

[Kacarevic] What is your opinion of President Milosevic?

[Dafina] None of the parties is any good. For example, Zoran Djindjic is a young and intelligent man, he has exceptional ideas. It is not important that he is in the opposition. We get along extremely well, and he should be put to use, because he is very capable.

Here is what I would like to say about Milosevic. He is too smart and too honest. He is a man who cries when he learns what is happening to the Serbian inhabitants in Bosnia, especially to the children. He is a man who has done a great deal for Serbia, but he did not have real collaborators, not to put it differently, not to say something not so nice about those collaborators.

I cannot tell you all of it, because again they would link Slobodan Milosevic and Dafina, but he never would come here. Dafina has never given any money, nor has she. But everything I earn here I want to remain here and everything I earn outside, I want to bring here.

Lines at Bank Described

93BA0915E Belgrade VREME in Serbo-Croatian
5 Apr 93 p 15

[Article by U.K.: "Lines: Fear and Hope"]

[Text] After Master Jezda's departure, many things have been left unclear, but it is certain that the cheerful atmosphere in the lines in front of the branches of Jugoskandik or Dafiment will not be coming back. For months certain people have been waiting for their interest in long lines. They suffered a bit from the cold and got tired, but people also got to know one another. In the lines, coffee has been passed around from thermos bottles, news has been exchanged about children's diseases and inexpensive stores, friends have been made, and perhaps even love has flared up somewhere. In the line to obtain interest, one young man had a full-fledged send-off (with brandy and "Moj Milan") to go off to the army after he finished his business.

Now the situation has changed drastically, and the newspapers have published the picture of a man whom Mama Dafina's ushers brutally beat when he attempted to protest. A 30-year-old worker who by his own admission has for five days been unsuccessfully trying to withdraw his 2,000 marks [DM] (which sprang from an initial 500 deposited in March 1992) has understanding for the ushers:

"It is most difficult for them. It is only in the lines that you see what kind of dumb animals we are. The pensioners are the worst—you tell them nicely that their date has been postponed, but that is no good, they keep on insisting. And what are you to do with them?"

"The atmosphere is electrified, and those to blame for it are those who pass on rumors that Dafina has already fled and such things," interrupts a bearded young man in the line. "Such people also include journalists."

"There, that man deposited DM6,000, and he is waiting in a disciplined way just like we are," the first informant continued his favorite line of argument, pointing somewhere up ahead in the crowd. "Incidentally, I think the government will not allow Dafina to fail. The bank has been preserving social peace and...."

The appearance at the door of an elegant and visibly nervous young man with a list in his hand interrupted VREME's informant in the middle of a sentence. The torrent of people suddenly turned toward the entrance and the bank employee avoided death from suffocation only thanks to a few of his colleagues, who, making abundant use of that part of the Serbian vocabulary we cannot repeat (as well as fists) managed to beat back the first assault. Interrupted by cries of "louder," the official read off several names and managed to withdraw without loss. The siege around the entrance relaxed, with the sound typical of soccer stadiums after an opportunity has been missed.

"She is going to disappear too, if she has not already," says a middle-aged gentleman in a rage. His female acquaintance timidly tries to preserve optimism: "But she has enough real estate to pay it back, at least the principal." "So did Master Jezda," comes the crowning argument like a lightning bolt. The disciplined employee comes back again, but the expression on his face is not so

self-confident as 15 minutes before: "This bank is a custodian of social peace. The government will not allow it to fail. It won't, will it?"

Dafiment Depositors Wait

93BA0915C Belgrade BORBA in Serbo-Croatian
31 Mar 93 p 8

[Text] Belgrade—"This is the exit, not the entrance, and I would not let even my own daddy in"—that handwritten message stuck up on the entrance of the Market Center in Republic Square "welcomed" Dafiment Banka savings depositors, who for days have tried in vain to push through the "magic door" and get interest on their savings deposits. There seem to be more and more people in front of the door every day and they have been increasingly upset, and the guards, who have shut down the entire Market Center, have seemed particularly nervous.

"I have been waiting since 26 March, I come every day, and I have had no chance even to get near the door. Every day they have told me 'Come tomorrow,' and today they told me that my pass is no longer valid. I paid 20 marks [DM] for it, my entire pension." That is what we were told yesterday by Tomislav Stojakovic, a pensioner with first-category disability, who came to our editorial offices after waiting in vain.

"I will withdraw everything I have if I manage to get through. Dafina herself is driving people out of the bank with her behavior. She does not want to solve the mess because she herself is making it. The guards are extremely rough, they push people and refuse to explain anything," says Stojanka Dakic, also a pensioner with first-category disability.

The two depositors, who came to our office yesterday, have even tried, they said, to get into contact with Dafina Milanovic, but without success.

Danica V., who on 23 March had a "close encounter" with the president of Dafiment Banka in the lobby of the office near the "London" intersection, also complains of Mrs. Dafina's behavior. Here is how she describes it:

"After waiting for several hours (some people even several days), people went into the lobby of the 'London.' At that moment, Dafina Milanovic came in accompanied by bodyguards and shouted scornfully: 'What kind of stampede is this, what do you want, you and the opposition want to bring down the government and Dafiment Banka; well, it won't work. I have no need for people like this!' I stood there astonished," recounts Danica V., a depositor who did not want to give her last name, because she still has not withdrawn her money.

Another savings depositor, also a pensioner, Bata Lukic, is angry from the "purely legal standpoint":

"Please, tell me what is the point of these contracts we received when we deposited the money. It says here that I must notify the bank within five days to withdraw the

money or roll over the deposit. Had I known that at the beginning, I would not have deposited the money," Lukic says.

The limit on the amounts that can be withdrawn at one time, which is 500,000 dinars or DM1,000, has made people especially nervous and unhappy. Thus, if someone has a large amount, he must come day after day at the appointed time and wait several hours for his turn.

Kontic Meets Businessmen, Discusses Economy

AU0505171293 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 5 May 93

[Olivera Stajic report]

[Text] Prime Minister Kontic used his meeting with Belgrade businessmen as an opportunity to explain the essence of the measures taken by the federal government and to discuss the results. Kontic said that a reduction in inflation was a positive effect. He also elaborated on major weaknesses. A particular problem exists in the process of shifting economic and political functions from the republics to the federation. This refers to various price regimes, the management of the foreign exchange system, the social policy, and money transactions.

The biggest problem in the economic life of Yugoslavia is the inability to (?control) monetary flow. As an example, Kontic mentioned the (?falling) exchange rate of the dinar since the last devaluation. Judging by what he said, the federal government has sound ideas on how to channel the funds from the primary issue of money out of the regular payments system, but is unfortunately unable to do it.

In addition to all the troubles, Resolution 820 was adopted. It is impossible to talk about the market under conditions of total blockade. The state will take control of the power (?industry). An operations team has already been set up. Although there should be no problems with agricultural and food products, the government will also tackle these because of possible speculation.

The purchase of medicines and the raw materials for medicines will also be in the hands of the state. Social security will only be passive. Regarding price and wage policies, the government does not envisage any general freeze at present.

Foreign exchange funds and their use for humanitarian purposes will be of particular importance. Prime Minister Kontic expressed doubt that the sanctions will be lifted by the end of the year, regardless of the outcome of today's voting in Pale.

The businessmen generally spoke about specific matters concerning the business operations of their firms. They all held a similar view on the effects and the duration of the sanctions, but also warned that internal difficulties are also to be blamed for the situation in which the country has found itself, and that it is incomprehensible

that the federal government and state institutions are not able to implement agreements, which explains the major differences between the program and what is happening in practice.

FRY To Remain in Radiation Protection Association

LD0505182293 Belgrade TANJUG in English 1800 GMT 5 May 93

[Text] Belgrade, May 5 (TANJUG)—The Yugoslav Radiation Protection Association (JDZZ) will remain in the International Radiation Protection Association (IRPA) in spite of the international sanctions. Professor Petar Markovic, director of the JDZZ, told TANJUG on Wednesday.

The decision was made recently at an assembly of IRPA held in Canada.

"The decision can also be seen as recognition of all that has been achieved in the field by our scientists and researchers," Markovic said.

The JDZZ, a member of IRPA since 1968, will from May 25 through 28 hold in Belgrade a symposium devoted to the effects of the tragedies in Chernobyl and the city of Tomsk in Siberia, and the danger of breakdowns in the Kozloduy nuclear power plant in Bulgaria, Krsko in Slovenia and plants in Hungary.

Poll Results on Popularity of Media

93BA0958D Belgrade VREME in Serbo-Croatian 19 Apr 93 pp 18-19

[Article by Dragan Janjic: "Surveys: Hunt for News"]

[Text] A survey just completed by the agency Partner has shown that for all practical purposes Yugoslavia and Serbia are completely ruled by several central media, alongside which the others are almost not seen. It is, of course, possible to rationally explain the turn toward the center in terms of the situation the country is in. It shows that the average inhabitant of Yugoslavia is preoccupied with major political issues related to the destiny of the country, on which, by the nature of things, they can become informed precisely from the central media. The local media, judging by this survey, have almost entirely lost their importance. As though it had become improper to be interested in public highways in Surdulica, removal of garbage from Belgrade streets, overloaded buses, and such things at a moment when there is a possibility of everything crashing down around us.

The strength of the central media is best seen in the fate of TV Novi Sad, which, judging by the extent it is viewed, has become almost provincial. It sounds almost incredible, but the overwhelming majority of people in Vojvodina watched the First Program of TV Serbia on the frequencies of TV Belgrade, not TV Novi Sad, although visibility of the program is the same on both frequencies.

Radio stations, which are believed to be listened to quite a bit, have experienced a dramatic plunge in this regard. Fewer than 10 percent of the citizens of Yugoslavia polled answered that they regularly listened to the radio, and over that medium as well most people follow the central news program at 1500 hours on the first channel. The other programs of all other radio stations, viewed statistically, are hardly even worth mentioning. The reasons for this situation should be sought in the excessive fragmentation of the radio waves. Belgrade alone has a dozen stations, each of which attracts just a few thousand listeners. The fragmentation of radiobroadcasting has resulted in local topics and programs in which direct telephone contact is frequently made with listeners. Before the onslaught of so-called major problems, the "small" topic [words indistinct].

Ritual

The survey to which we referred was done on a very large statistical sample of 4,000 people and involved precise "measurement" of the frequency with which practically all media in Yugoslavia are read, watched, or listened to. The central news programs have absolute dominance—the "main" news on the First Program and, when it comes to Belgrade and the broad area around the city, "Days of the Week" by Studio B. So-called political programs such as "Impression of the Week" and "Viewers' Interview" of Studio B also placed relatively high, while all the others except two entertainment programs (the quiz program "That Is That" on Channel 1 and "Entertainment for Millions" on Channel 3 of TV Serbia) and the Saturday evening film on Channel 1 are hardly worth mentioning.

The "main" news program, according to this survey, is watched by an average of 45 percent of the citizens of Belgrade polled, while "Days of the Week" is watched by slightly less than 20 percent. It also turned out that a large number of people spend their evening before the small screens simply "hunting" for news. It begins at 1900 hours with "Days of the Week," and then about 1930 a sizable percentage switch to Channel 1 to hear what the "big" television studio is saying. Partner's survey thus discovered a man who is deeply concerned about the destiny of the country in which he lives and who ritually repeats the hunt for news evening after evening in a search for answers to his frustrations and worries.

Pass It On

Compared to television, the daily press has incomparably smaller influence, but in spite of everything it is doing better than the radio. Newspaper circulation is considerably less than what it was. At the moment, POLITIKA is in first place with about 140,000 copies printed. An interesting phenomenon has emerged, however—some newspapers pass through as many as five or six hands in the course of the day, at least judging from this survey, which means that when influence is measured, the paid circulation should be multiplied by that

number. It might be said from that standpoint that interest in the press has not fallen off essentially, but that newspapers, because of the ever greater shortage, are spending less time in the reader's hands. This is a kind of system of "read and pass it on," which only confirms the thesis of people's great interest in political reality.

The figures which Partner arrived at depart essentially from trends in the contemporary world. In the advanced countries, according to the most recent surveys, the influence of the press is growing, while the influence of television is falling off to a certain extent. Great attention is also being paid to local news, sports, and various forms of entertainment, which is only a reflection of the relative political and economic stability in which those societies live.

In attempting to offer its clients—business and other organizations—as differentiated a picture as it can of interest in the media, Partner arrived at some other interesting figures. It turned out, for example, that the educational distribution of people who watch "Days of the Week" and the "main" news program of TV Serbia is almost inversely proportional. While a convincing majority of those who watch the "main" news are made up of people with elementary schooling, "Days of the Week" is watched most by those who have graduated from high school and college.

Excessive Praise of Ustasha Ideologist's Work

93BA0922B Belgrade NIN in Serbo-Croatian 2 Apr 93
pp 36-37

[Article by Sava Dautovic: "The Background of a Rehabilitation"]

[Text] In addition to reviving a number of symbols and emblems of the Independent State of Croatia [NDH] and a policy which inescapably recalls that horrible practice, the rehabilitation of many figures who held important and even distinguished posts in the NDH is now under way in Croatia, and in some cases has been completed. Several serious world newspapers, having taken note of these things, have already suggested the conclusion that a Nazi state such as the European people recall for the millions of people who were its victims and the homes destroyed is now being born once again on the soil of present-day Croatia.

If at first it seemed that that course of events was an inevitable consequence of the disintegration of communist power and its replacement by nationalism, and it was believed, or, better put, anticipated that the new powers that be would not allow Croatian society to take the road of fascistization, today there is no longer any dilemma and no forces are any longer to be seen on the Croatian political scene that would be willing and capable of stopping such processes. After all, both official Croatia and Kaptol stood behind that national program which considers both nationalistic extremism and the means they use to be their legitimate components.

Agitation of the Catholics

The most striking examples of this political mood in Croatia are undoubtedly the efforts of the Catholic Church to beatify (proclaim a saint) Archbishop Stepinac, who carried out the spiritual genocide of the Serbs in the period of the NDH, and the general rage about the literary opus of Mile Budak, chief Ustasha ideologue and, together with Pavelic, an inspirer of the practice of physical eradication of Jews and Serbs. Presumably, so as not to lag behind the church and the thus awakened segment of his people, even President Franjo Tudjman made the other day his own original contribution to this nationalistic euphoria when he named an obscure Ustasha propagandist and Budak's apologist, both during the NDH and also after the liberation, to be the spokesman of the new (Zupanija) Chamber of the Croatian Assembly. The reference is to Vinko Nikolic, a minor writer, who until two years ago, when he returned to Croatia, was one of the leaders of the Ustasha intellectual emigre community, in whose circles, supposedly by distancing themselves from the monstrous nature of Pavelic's methods, the ideology of new and younger Ustasha generations has been nurtured.

Ceslav Milos, Nobel Prize winner, recently pointed up the danger of a contemporary symbiosis of Catholic religion, the nationality, and politics, especially that which arises from the inter bellum experience and the experience of World War II, in the Warsaw review *GAZETA WYBORCZA* (translated in *KNJIZEVNE NOVINE*) in an essay entitled "On Nationalism," having been unable not to recall the evil which it, that symbiosis, inflicted on peoples in the Independent State of Croatia. After all, Milos says, "it is hard to forget what happened during the war in Catholic Croatia, where genocide was committed precisely in the name of religion, because it was the factor which distinguished Croats from the Orthodox Serbs." When someone like Ceslav Milos warns today that that kind of marriage of religion (Catholic, because he is only writing about it) and ethnic sentiments "must disturb Catholics," how must it be feared by Orthodox in communities in which, as is the case in Croatia today, church dignitaries who gave their blessing, as Stepinac did, to genocide, are not only forgiven their sins, but are even proclaimed to be saints. It would be fascinating for the heads of the Roman Catholic Church, which also stands behind Stepinac's beatification, to try to explain this case to Ceslav Milos.

The unpredictable Igor Mandic recently tried in *SLOBODNA DALMACIJA* to clarify in the context of current Croatian developments what it could mean to rehabilitate this other prominent NDH figure who has been mentioned, Mile Budak, but even before he had been heard to the end, he experienced an avalanche of curses and insults in the style of the former and new-styled Ustasha (self-defensive) rhetoric. And aside from doing something morally and intellectually brave, and under the conditions of present-day Croatia, be it said, it was an act of personal bravery as well, Mandic actually

did not say anything particularly new and unknown about Budak. What for that matter could there be that is new in the statement that this war criminal and Ustasha ideologue was a "bad ideocrat," when he had behind him such a monstrous governmental construct as the quisling NDH? Nor was it Mandic who discovered that Budak was "also a poor writer." Only the uninformed can think that Mandic is the first to shatter the myth about Budak's literary greatness. And, of course, only the naive can believe that what bothers Budak's old and new devotees and followers so much is that Mandic is dethroning the top-level adviser as a writer. The article in *SLOBODNA DALMACIJA* irritates Budak's supporters above all because it reveals that behind the renewed glorification of his literary opus—the first occurred during the NDH—are the clumsily disguised current aspirations to appropriate by inheritance Budak's political deeds as well. Because Mandic, then, is openly indicating that Budak is being used in an attempt to strike at Croatian democratic and antifascist history and, separately, at resurrected Ustashism [as published].

A Boundary Marker Knocked Together

Mandic's handicap is that for the first time since World War II a political climate has been created in Croatia that uncritically perceives the evaluation of Budak's literary creativity and, what is worse, stamps it as sacrilege. The only other time Budak the writer had that kind of national protection was in Pavelic's NDH, if we omit that before the war he was exalted mainly by those who thought politically just like he did. One of the main popularists of Pavelic's Ustasha state, and today spokesman of the Assembly in Tudjman's Croatia, Vinko Nikolic, in his programmatic articles about the "national tasks of literature," and the Ustasha minister, Mile Starcevic, have been putting Budak the writer in a most distinguished place in the "new" "nationalistic literature," and have been proclaiming his novel *Ognjiste* (*Hearth*) a guidepost and "unsurpassed boundary marker" in this rebirth of that literature. So, today, one can understand the consternation of a nationalist when Igor Mandic, in his own peculiar way, tears apart Budak's best-known book and judges it to have been "dashed off" and "boring to the point of nausea."

A few years ago, before he returned to the homeland, that same Vinko Nikolic celebrated the 100th anniversary of Budak's birth in the emigre community.

It is interesting, however, that someone like Miroslav Vaupotic, for instance, whose nationalism and concern for the Croatian literary legacy cannot be denied, wrote of Budak in the postwar period that he is "only a storywriter from the region of Lika in the spirit of the realistic tradition and weak in the novelist's ability to create a world." Krleza also described Budak's literature as more or less "poor peasant stuff," in which the only thing he found interesting was the speech, the "specific Lika ikavian speech from Sveti Rok, which is where he came from." In other words, that was what Igor Mandic was referring to when in connection with Budak and his

much heralded *Ognjiste* he said that "in his case we are dealing only with an ethnographic recorder (!), that is, not with a writer and not with a short story writer, but only with an accurate recorder of the desperate living conditions in Lika at the boundary between the 19th and 20th centuries."

There is just one passing remark in Igor Mandić's article that is astounding: that is, he says: "And because Serbs are not mentioned at all (in *Ognjiste*—S.D.), I do not know why the Communists had to persecute him so much." Among several oversights, one should at least note those which have political implications.

"Solutions" for the Serbs

Before World War II, the Communists never persecuted Budak—they sometimes even closely collaborated for tactical reasons with his Frankists and Ustashi—and least of all would they have done so if Budak, say, had "mentioned Serbs" in a bad light, if that is what was meant. It is true, however, that the literary and ideological conservatism of Budak's literary work, and this only on the eve of the war, did encounter fierce literary reactions from critics on the left. Thus, Otokar Kersovani in a review of Budak's novel *San o sreći* (*Dream of Happiness*) (IZRAZ, No 11, 1940) observed that "the ideologically reactionary romanticism of Budak's social image could not have given birth to a great literary work in formal and artistic terms," and he noted that "favorable criticism of Budak's writing has been appearing in journals that represent Serbian expansionism such as SRPSKI KNJIZEVNI GLASNIK!"

Before the appearance of *Ognjiste* in 1938, Budak mentioned the Serbs in the worst possible light in 1933, when as an emigre he emerged as the author of the Ustasha project of the "independent Croatian state" with almost all its components, from ideological to geopolitical, which unfortunately were to a large degree in fact realized seven or eight years later. Budak expounded that project in a book entitled *Hrvatski narod u borbi za samostalnu i nezavisnu hrvatsku državu* (*The Croatian People in the Struggle for a Self-Sufficient and Independent Croatian State*) (published by Hrvatsko Kolo in the United States and Canada), and even in that work he was reflecting on how to deal with the Serbs in the NDH and proposed solutions that would be realized in the Ustasha state through the practice of mass terror. That pamphleteering book of Budak's is less well-known, and it is frequently omitted (!) from the bibliography of his work, so that it is possible that in that way it remained inaccessible to Igor Mandić as well.

Serbia

Roundtable on Serbian National Interest

93BA0933B Belgrade NIN in Serbo-Croatian 16 Apr 93 pp 12-15

[Report on NIN-sponsored roundtable, by Milivoje Glišić: "Roundtable on Serbian National Interest: First Goal: Survival"]

[Text] People of different orientations and professions, of different political convictions and positions, came together at the editorial offices of NIN. But regardless of this diversity, not one of them—not Matija Becković, Vasilije Krestić, Miroslav Gasić, Nebojša Čović, or Radovan Babić—disputed one disturbing assessment: The Serbs are a spiritually disintegrated nation.

What is the Serbian national interest? Sometimes two Serbs have three answers to that question. And it is being discussed everywhere: in parliament, on public platforms, at church centers, on the streets, in bars. In short, we are full of the knowledge of what we must do. But we do not agree, there is no national consensus, and for that reason the Serbian national interest remains the eternal theme of our era.

The editors of NIN—not going by a party-based or any other type of quota—invited public figures from various professions and orientations to discuss the Serbian national interest. Those who came were academician Matija Becković, academician Vasilije Krestić, academician Miroslav Gasić, Nebojša Čović, chairman of the Executive Council of the Belgrade City Assembly, and Dr. Radovan Babić, a professor at the Theological College in Belgrade. Here is how the conversation went.

[Becković] One way in which our case is exceptional is that everyone on the street is talking about the Serbian national interest. I have never heard the foreign secretary of Great Britain talk about his country's national interest. Not a week goes by without one of them coming here, and it is certain not only that they are here on the mission that was announced, but also that that mission fits in with their national interest, which is not mentioned. It is often thought that Cyrus Vance and Lord Owen come here for lack of better ideas, and also because they have a little free time. I think, however, that each of them is here in the national interest of their countries and of their nations, but the only thing that they do not talk about is that very fact. Everything will be devoted to us. It is interesting that they never come alone, while it is obvious that they have separate interests. In other words, somehow they must satisfy the individual interests of the countries from which they come.

We, in turn, not only talk about, but perhaps do everything possible to talk about our national interest right away. This is where our fault lies. That only shows the extent to which this is discussed here by dilettantes, explained boorishly and hopelessly, and judging from the newspapers the Americans, Russians, English, and French should know more about our national interest than their own. The stage that has emerged this time bears witness to how shallow we have become.

[NIN] But Serbs have talked about that since time immemorial, beginning with Garasanin and then . . .

[Becković] No, Garasanin is one thing, while his *Nacertanije* is an unrivaled book; that document is almost secret, encased in mysteries in a hundred ways. Today,

however, there are several million Garasanin amateurs, and whoever advances the simplest program that is understandable to the largest number of people has the most followers. But this is the most delicate question that a nation can deal with as long as it lives. It would be hard to imagine, for example, that being honest, talented, a good worker, farmer, head of the household, priest, professor—that it is also the greatest national interest. Let me entertain you with an anecdote. An old man in Montenegro watches his grandchild as he draws a map. The child draws Montenegro, and the old man asks him: What is that little thing? The grandson says: That's Montenegro. Is that lesser Montenegro? Yes. And you are drawing it? The grandson says: Yes. Then why don't you move your pencil to the left and right, why don't you spread out? Grandad, that's the way it is. The way what is? The way it is when you are like this! I extended and liberated this with a sabre, and you with your miserable pencil, here where it's warm, both gorged and satisfied, are unable to let yourself go and break off as much as you need!

Thus, this consciousness exists among us, that it is enough to brandish some word or pencil.

[NIN] Almost all political parties express their view of the Serbian national interest, some very loudly and some in well-measured tones. Most often, the most important ones mention the goal of all Serbs in one state....

[Beckovic] As a poet, I am close to reality. I would prefer that I be an eccentric and that politicians be realistic. However, we have a paradox in this age of ours, whereby those who by virtue of their calling should give themselves over to language and imagination have joined together to contemplate issues, trying to be realistic, while those whose calling it is to be realistic have become what Salvador Dali or Ezra Pound were, eccentric geniuses who could openly say what would be nice if it were possible. The politicians are eccentrics, while the poets are realistic and rational.

[Krestic] I agree with Beckovic that the national question is not a question that should be overemphasized. It is a matter to be discussed within a narrow circle of experts and politicians who are well-acquainted with both the domestic situation and international relations. There are many such people, and here I agree with Matija, who offer themselves as saviors of the nation in this situation in which we find ourselves, a situation that is unhealthy. I think that as things become harder, they are increasingly dangerous and aggressive. And the worse the situation, the more saviors of the nation there are.

A distinction must be made between two things: the national interest and the national program. The national interest can be momentary, while the national program is short-term and long-term. What is the Serbian national interest at this moment? Most of all, to preserve the nation and the state. To preserve the nation from biological calamity and to preserve the state from possible mutilation. Reduction in size and dismemberment. The

biological survival of the nation in a war situation is accordingly the primary interest, but I would not place it much higher than the second interest—the preservation of the state. It is clear, however, that preserving the nation and the state demands at least a minimum of [word illegible] of an enormous number of people. I think that for the most part we all have the same views concerning these vital interests, regardless of which party someone belongs to or, perhaps if they are nonpartisan.

How to preserve the nation and state is a very important question, but I am certain that most of all we must all support the establishment of peace as soon as possible. I am not qualified to speak in any fashion, I do not have enough information, I do not know what sort of mischief is brewing, I do not know the intentions of our neighbors or of those who live beyond them, in order for me to say: This is how it should be. This must be done by people from operational politics who have more information.

Of critical importance to the national interest is something that, unfortunately, we do not have: spiritual integration. We are a spiritually disintegrated nation. The disintegration in our midst is evident and is the result of historical trends not only in the recent past, but also in the distant past. We have had several factors that have led to the creation of a particularist, provincial consciousness rather than to the creation of unified Serbian national interests. This nation must devote much more attention to spiritual unity (because such unity is not achieved over night), through smooth-running and well-formulated methods and through steadfast work in education, culture, the church, and other factors.

[NIN] What, for example, is having an effect on the deepening of this spiritual disintegration today?

[Krestic] Partisan divisions have contributed greatly to spiritual disintegration, to which we are inclined out of narrow, selfish interests. Therefore, I think that one of the primary national tasks is to work on reconciling the parties, on pacifying them, on more gentlemanly behavior.

I would even dare say that particular serious damage is being inflicted on us by the self-denunciation to which more and more people are inclined and which is often unfounded. I am prepared to accept any criticism directed at my own nation and at the country of which I am a citizen, but I think that in the war situation in which we find ourselves, in the current encirclement, and in the state of complete economic ruin and tracklessness, we should not add accusations to the accusations that our adversaries are already making against us, but that is exactly what we are doing in some sort of desire to be "objective," to ostensibly remain above it all. This spitting at our own nation, so to speak, becomes very dangerous and often offers our adversaries outside the country a more lethal weapon than they already have.

[Covic] We must not forget that we are discussing the Serbian national interest at a time when it is obvious that

the physical survival of the Serb nation is at stake. Members of the other nations of what is now the former Yugoslavia have known for nearly 50 years what their national interests are, and they have systematically and intensively worked on them. History, I believe, will confirm who is responsible, and to what extent, for this danger that is hanging over the Serb nation. Responsibility before history will be borne by those who, because of narrow political interests and possible ideological differences, have avoided defining and persevering in everything that is the Serbian national interest. It is as if these regions of ours permanently bear the reasons for division, but the unifying element for all Serbs is Orthodoxy, around which it is possible to establish unity, spiritually, culturally, and nationally. Unfortunately, the consequences (momentary, but also future consequences) of the cleansing of territory of Serbs are seen clearly, and historians should respond to the question of how the Serb nation was fragmented, disunited, divided, and scattered, and how the Serbian national interest was demolished for many years.

[NIN] And what should be done now?

[Covic] First, we must establish the key points around which the whole of the Serbian national interest should be defined. Then, we must stipulate long-term national goals, and then clearly define the lower limit of national interests, below which neither responsible social subjects nor individuals may go. Finally, what we are missing, and it has been felt to be missing during the recent years of multiparty life, is the rules of the game. I am thinking of the rules of political contention: We should clearly define what, especially in terms of noncontroversial national interests, cannot be the subject of political contention, and to determine the responsibility of all those who misuse these interests for their own narrow political goals. We must first establish what the interest of the Serb nation in Serbia and in Yugoslavia is, what the interest in the former republics of the former Yugoslavia is. Also, to define what the interest of all Serbs living around the world is, Serbs who represent an inseparable part of the Serb national and spiritual essence.

There is no doubt that the minimum, and right now the basic condition, of national interests is the physical and spiritual survival of the Serb nation, because under the conditions in which we live it is threatened. We must consider its survival in its historic regions, because it has been systematically expelled from those regions, something that is still going on today. Thus, the Serbian national interest is to unite Serbian national regions, meaning Serbian territories—that is the long-term goal, but it should be stated clearly and carried out today. There is no question that it is the moral obligation of all of us who live in the mother country to look after members of the Serb nation, no matter where they are. Finally, the Serbian interest is also economic prosperity, personal and societal well-being, cultural and spiritual

development, an equal position in the world, a democratic society with highly developed democratic institutions, a legally well-regulated civic state, with guaranteed equal rights for all its citizens, regardless of their religious, national, political, or any other affiliation.

[NIN] A moment ago the minimum national interest was mentioned. What is that?

[Covic] Opting for the right of the Serb nation to decide on its own where, how, and with whom it will live, offering all possible assistance and protection to Serbs outside Serbia, retaining uncontested Serb territories outside the current territory of Serbia and Yugoslavia, halting the further expulsion of Serbs from their historic lands, preserving the unity of the Serb nation, and finally, the thing that Mr. Krestic stressed—presenting a unified front to world public opinion and settling all quarrels behind closed doors.

[NIN] Who should establish this minimum?

[Covic] The Serbian national interest should be established jointly by the Academy of Science, scientific institutions, the Serbian Orthodox Church, state institutions, the highest institutions of culture, and finally, political parties. Once this is defined, parliament is the one that should be unified and verify the interests thus defined.

[Gasic] We must state that the formulation of a national program, as well as a public definition of the national interests, accepted by consensus, is essential; that is the notorious condition for any state's stability. But it appears that not only has no specific, complete national program been formulated; there is not even any serious work under way on this, even though there is much talk of national interests everywhere you turn. Someone mentioned Garasanin's time—it is probable that incomparably more work was done then on defining national interests and on effecting them than there was talk about them. The formulation of a flexible national program is essential, especially for countries that, like ours, are in a so-called earthquake zone. Unfortunately, this question is usually dealt with once the earthquake is in full swing, and because of that we are in a situation of making forcibly extracted moves, not moves in keeping with some sort of long-term strategy. The quality of these forcibly extracted moves is largely a matter of luck.

There is a latent danger that is currently hovering over small countries: There is much talk of a so-called new world order. This term could be a new name for old trends, but it is a fact, viewed in the long run, that some sort of new world structure is essential. A small country like ours must reconcile itself with this sort of development of the world situation and endeavor to occupy the best possible position at the starting line. The first precondition for our fitting in with what is happening in the world today is clearly the prompt establishment of peace. The extent to which it can be stable right now is another question, but it is certain that the fighting must stop. The second task is the establishment of relations

with our immediate neighbors that are as good and complete as possible. That which is rightly demanded for Serbs outside our borders must be offered here as well. Reciprocity is essential, and if we succeed in this, with a significant adjustment in the general domestic order, I assume that we would significantly strengthen our position in relation to our immediate neighbors and ensure that in this part of Europe Serbia is what it has been and what it objectively can be.

[Krestic] The established national interest can be publicly proclaimed; national interest need not be concealed. As far as a national program is concerned, however, that sort of thing is generally a secret document, anywhere in the world. I once said this somewhere, and a lady, a complete ignoramus, vehemently attacked me in a newspaper and declared that I was a slave to official policy. Thus, once again I dare to say this: A program is drawn up for the long term in order to achieve national, state, and political goals; it is even possible here to formulate strategy and tactics, it is possible to establish who one's friends and enemies are, and it is possible to spell out problems. Thus, this cannot be a public document, and there is nowhere in the world where it is.

[Gasic] I agree with that entirely, but I wonder if you have the feeling that any work is even being done on that?

[Krestic] I do not have the feeling that work is being done on it, nor do I have any knowledge of anyone working on it.

[Gasic] That is why we are talking about it so much....

[Krestic] Perhaps this conversation is an embryo for future conversations. When national interests are designated, that is also the first step toward a national program, because there can be no national program without establishing the national interests. The national interests must be integrated into a future national program.

[NIN] The question could be this: Why are the Serbs undergoing what they are undergoing, and why is history repeating itself?

[Covic] Before I comment on that, just a brief remark on what Mr. Gasic said. There is no doubt that peace is the central question, but we must also state what is essential besides peace. Thus, we come back to the question: What is the national interest? What is our goal?

[Gasic] Do you mean the minimum or the maximum?

[Covic] I mean the minimum, but also the maximum in the long run. This national interest, I agree entirely, must be a public thing, known and validated. The national program, in the interest of its realization, is a state secret, and I agree with that entirely.

For centuries, however, we have made the same mistakes, as if we are incapable of cherishing and appreciating what is ours, of respecting ourselves and our

history, our national essence and our interests. I am afraid that this is what is happening to us today as well. Many people are emerging who are seizing upon these things and, I dare say, dealing in them.

[Krestic] Simply put, there is a lack of continuity of the societal elite. We have had no continuity of the societal elite in Serbian society since the Middle Ages. How can we even expect to maintain the continuity of an elite that would consistently defend the Serbian national interest amid such powerful changes and the imposition of various social categories? Indeed, that interest ceased to exist once Garasanin's "Nacertanije" ceased to apply. It was transformed into the Yugoslav national interest, and around that issue we lost powerful energy and have been in conflict up to this very day.

[Bigovic] I agree with what academician Krestic said: At this point, the most important question is the biological survival of the Serb nation, because that is what is threatened most of all, and when that is threatened, then everything else is also threatened.

At this point, we must decide what the Serb territory is that should be defended by the entire Serb nation. The drama of this moment has arisen around this question. If this question had been resolved in time, I believe that the situation today would have been different.

A distinction—but not a separation—must be made between the national question and the state question. Many people here proclaim their party interest to be the national and state, and thus the world interest as well.

In shaping the national consciousness, the primary role is played by the area of culture and spirituality, because those are the only two factors that can unite the Serb nation today. I am not sure, perhaps it would even not be good to insist on some sort of political unity; the Serbs scattered around the world can be brought together by religion and culture.

As important as it is to define national interests, it is just as important to find the ways in which to realize them. If something is not realized in a good way, then sooner or later it turns into evil.

The spiritual disintegration and disorientation about which we have spoken is a fact. For example, a normal and reasonable dialogue between the church and the schools has yet to be established in our country. There is still an ideological war going on. There is almost no talk of renewal in education and schooling. Our spiritual and cultural continuity is repressed and we know very little about our culture and history, especially the younger generation.

As far as the state question is concerned, I think that we are just now in a phase of creating a Serbian state and that there is still some hesitation present here. We have no answer to the question of what should be done with Bosnia and Knin Krajina. The most responsible people

must decide what is realistic and what territory can objectively be part of the future Serbian state.

Finally, we cannot forget the Serbs in diaspora either. Up to now, Serbs in diaspora have in practice had no mother state, or perhaps the mother state was acting against their interests.

The mother state of the Serb nation, with all its national institutions, should help our people scattered around the world to integrate into the societies in which they live, but at the same time to avoid assimilation, because the process of assimilation of Serbs is obvious in the second or third generation. This state must also give something to these people, not just ask them for money.

In order for something to bring a nation together, proclamations, slogans, announcements, and declarations—and even programs—are not enough; a nation can be brought together most of all by a metaphysical view of life. What brings the Croat nation together? It is not only the Croatian nation, but in fact Catholicism. What makes Muslims united? Islam. The really important question is whether Orthodoxy can be, conditionally speaking, a metaphysical paradigm or a driving force, meaning something that could unite the nation.

From the Church's point of view, the deepest interest of a nation is that the Church, the nation of God, remain alive; that it produce and shape genuine and whole people, that it radiate goodness, love, magnanimity, and human deeds. It is important that it have a state founded on the principles of freedom, justice, and law. It must make sure that the nation does not become a myth, a deity. National feelings and patriotism must not jeopardize the love of God and the love of one's fellow man.

[Krestic] It is interesting that Serbian society has been poorly analyzed sociologically in comparison to economically more developed societies, but that in spite of that we have major interpersonal confrontations. Why? This is an obvious sign not only of various party affiliations, but also of the ideological baggage that we still carry and that we are incapable of getting rid of. Thus, one of the most important national interests would be for us to completely rid ourselves of ideology.

Colleague Bigovic mentioned the diaspora, and I would add that it is a disgrace that our government as a whole has not adopted a complete amnesty for all those who have not violated the national and state interest and who went abroad because of ideological differences or confrontations.

It is the national interest, of course to effect the highest possible level of democracy and civil rights and liberties; naturally, democracy always depends on a specific moment, and at a time of war democracy always suffers and it is natural that it suffer.

[Covic] Mr. Bigovic prompted me to say this: The thing around which we could and should be unified is culture and our Orthodox faith, but I think that the church and

politics should not be linked. One other thing, if I understood correctly—the state interest is not at the same time the national interest, but the state interest must come from the national interests that cannot be disputed.

[Bigovic] I was thinking of something else: It is certain that all Serbs cannot live in one state today; a large number of them will remain outside the mother country. Rest assured that the interests of Serbs in the United States, Canada, or Australia are completely different from our interests here.

[Covic] It is one thing to be a Serb today in the United States, and the motherland must concern itself with him as well, but it is a completely different situation with Serbs in Bosnia, because they live in their historic territory.

Serbia cannot be greater or lesser, it is just like it is. One of the central questions of the Serbian national interest, this minimum to which we must commit ourselves, which we have not done, is the question of the right of Serbs to remain in their historic territories and to decide with whom and how they will live. If we had done that, if we had formulated our goal differently and said so, all those advisors that Mr. Beckovic talks about who come here as missionaries probably would have thought differently. And I agree that perhaps everything would have been different.

[NIN] Historically, Serbs have had few leaders who knew how to defend the national interests, few leaders who knew how to defend the state interests, and very few who knew how to do both....

[Krestic] Perhaps someone will respond to that question, but I would note that we should not forget that it is of national importance that we establish and nurture that which we have in the field of science, culture, and art, and then that we carry out serious ecological programs. Furthermore, it seems to me that in this situation of war and serious crisis, all institutions of culture, all historic monuments are suffering, and the primary interest is to preserve and strengthen them.

[Beckovic] I have a word to say from afar. There is the story about the Gypsy who was asked on the scaffold what his last wish was. Of all the responses and last wishes, this one stuck in my mind: "My last wish is that you set me free." When we think about the circumstances under which we have having this conversation, about what is happening immediately around us, our only real national interest is that we survive, that we persevere. Are we even aware of these circumstances and does the international community have stronger hammers than those that it used to bring us to our senses? Well, if it does, then we should do everything possible to avoid them, to come to our senses in some way.

To use yet another anecdote. A bad host, an unkempt man in every regard, went to see the town schoolteacher and started talking about world politics and what the

teacher thought about whether the United States would end up fighting Japan. The teacher told him, "How about you washing your face!"

I never cease to be amazed by, and in a certain diabolical sense to admire, the people who created our societal system, who dared to call upon the people to realize ideas and to make whatever they could dream up from their scanty knowledge a reality. I do not like to mention him, but let us take Kardelj as a collective name. I can conceive of what his imagination was like, and I know how he wrote. But he had this courage to devise something and then to watch as unfortunate people around the country transformed his imagination into a reality. They destroy their centuries-old ways of life and he emerges as a demiurge, the creator of a new world and life. And now, of course, this grandiose project that is communism has concluded its own biography, and there are so many consequences that they cannot be comprehended by the mind. Now you have a pile of broken glass and you have to guess which piece is the beginning of some new integral form. I would almost say that we must all start at the beginning, and that it should be as unoriginal as possible, with as much experience from civilized countries and the world as possible.

As far as leaders are concerned, that is also a prejudice from the past. Something that we have inherited and that does not befit this age. The best industrial production and the best and happiest countries are those where people do not know politicians' names. We are a small nation that does not please the big ones, while the small ones do not like it. It is tragic to pose our question before the support of the world is obtained.

[Covic] I did not understand the metaphor of the hammers....

[Beckovic] Our world is so crazy that anyone who told it the truth would be lynched. And that is why it must be given the truth in doses.

[Covic] Meaning that once again the nation is the culprit because it cannot accept the truth?!

[Beckovic] It is not the culprit, but rather the victim.

'Car Mafia' in Serbia's Heartland Sumadija

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[Article by I.J. Stevic: "Car Mafia in Heart of Sumadija: I Am a Poor Man, but I Like Expensive Limousines"]

[Text] *The true scope of the car mafia's activities is still unknown for now, but according to information provided by a recently retired MUP [Ministry of Internal Affairs] employee there are currently more than 50,000 cars on the roads of Serbia that acquired their new owners illegally.*

If the only yardstick were the number of expensive imported cars, Serbia would certainly occupy a high position among Western European countries. The

number of owners of expensive and luxury vehicles has risen in parallel with the ruination of the state and its economy. The amount of gasoline and diesel fuel available has been inversely proportional to the growth in the number of cars.

The logical unraveling of this situation, which seems anomalous at first glance, took place only a month ago, when well-organized groups of black-marketeers, forgers, and thieves were exposed all over Serbia, groups that were smuggling cars across the border, issuing "fake" papers, or simply stealing and reselling cars within the country. The true scope of the car mafia's activities is still unknown for now, but according to information provided by a recently retired MUP employee there are currently more than 50,000 cars on the roads of Serbia that acquired their new owners illegally.

Although it is difficult to obtain official information, past experience indicates that a car mafia is usually directly or indirectly involved in other types of criminal activity and in the smuggling of oil, arms, and other goods that are currently strategic to Serbia. Thus far, official investigations have not turned up any ties with so-called higher strata or with those who are close to the apex of power, although such ties are logical, judging from who the most frequent users of the car mafia's "services" are.

It was only the exposure and arrest of the ringleaders of organized groups of black-marketeers and forgers in Krusevac, Kraljevo, Pozarevac, Bor... that opened many people's eyes, so that only now are people beginning to remark that there is a large number of expensive foreign cars on local roads and streets, given the current economic conditions. Official statements by prosecutors and investigators thus far reveal only the tip of the iceberg.

Krusevac Connection

Clearly one of the record-holders in the delivery of foreign cars with "fake" papers is the Krusevac group that was uncovered and arrested in early March. According to what has been established and publicly announced thus far, three Krusevac residents supplied their "clients" with as many as 500 cars with forged papers. Private shipping company owner Mladen Milutinovic, private photographer Dragan Nikolic, and driving instructor Branko Miletic are suspected of drawing up and selling false documents, on the basis of which foreign cars were imported and cleared through customs.

Also in early March, prosecutors in Kraljevo arrested as many as eighteen suspects whose methods were significantly less subtle. They simply stole cars locally, changed their numbers and papers, and resold them in the vicinity.

Clearly one of the people most familiar with the secrets of the car mafia is Radojko Rakonjac, the investigating magistrate for the Opstina Court in Krusevac. In the

interest of the investigation, he is not allowed to reveal all the details, but some of his observations explain adequately the growth in the smuggling trade in automobiles and their papers.

"The basic cause is the disintegration of the former Yugoslavia, the wartime encirclement, and the economic sanctions. Vehicles have arrived illegally from abroad, from former Yugoslav republics and areas affected by the war, or quite simply, through local theft," says Rakonjac.

In his words, it is currently not much of a problem to forge transport documents. Contemporary computer printing technology makes it possible to generate an "original forgery." Other conditions are provided by the state in which we live.

Under the sanctions, links with Interpol have been severed, so that we do not have the opportunity to verify the origin of foreign-made cars. For example, the Krusevac group had forged papers from Switzerland. Under present-day conditions, we are not able to establish with certainty the prior status of such cars—whether they were stolen or bought, and at what price, the Krusevac examining magistrate explains.

Stimulation

People familiar with conditions argue that the depressed official exchange rate, which has devalued customs duty, has also had a stimulative effect on black-marketeering and forging. There are even examples where it was cheaper for people to pay customs duty on a car that they bought legally at a local car dealer—pretending that it is imported, using false papers—than to pay the excise tax.

Over the past two years, an enormous number of cars have arrived from areas threatened by war. The opportunity for good earnings was first recognized by wartime profiteers disguised as volunteers "for the Serb cause." In many places in Bosnia-Herzegovina and Croatia, it has been possible to obtain legal papers on a car's origins from the "new authorities." One special case is the fate of several thousand Golfs from the parking lot of the auto plant in Vogošća, whose numbers have never been registered anywhere.

Investigating magistrate Radojko Rakonjac discloses the most interesting fact.

"In all these activities, the state is usually not materially harmed in any regard. The holders of false papers have generally paid customs and other duty, not wanting to take a risk. The harm to the state is on the other side, in the disruption of legal order and the citizens' legal security, and that cannot be eliminated and restituted easily or quickly," says Rakonjac.

The legal advantage for owners of cars acquired in this way is that they are generally not responsible if they have bought the car in question, unless it is established that it was a resale for the sake of some illegal gain. Thus, it is

possible that the stories of the car mafia that have riveted the public's attention over the past month and a half will end with the popular "mountain out of a molehill" story.... In any event, the state in which we live has more pressing business.

[Box, p 25]

Theft

Among those involved in reselling cars and falsifying documents, the rules of the Sicilian "omerta" apply. The code of silence is rule number one in this "business." Nevertheless, one of them agreed to reveal to us certain basic things, of course under strict anonymity.

"Papers from Switzerland and Italy are the easiest to falsify. There are no problems whatsoever for someone who legalizes a vehicle in this way, except that one is not allowed to enter this country with it. Papers cost between 1,000 and 1,500 marks. If the car is moreover 'moved' abroad, you can have a year-old Mercedes, Audi, or Golf for 5,000 to 10,000 marks. Cars from Bosnia and Croatia come through a well-organized network, whose boss I dare not mention, because he is a prominent politician. That is also where blank forms for local drivers licenses come from. When some opština is liberated, the first thing to be seized are these forms. Theft and changing the numbers of cars are reserved for the 'small fry' in this business. The most frequent targets are Golfs because their locks are easy to pick and because they arrived from Bosnia en masse and thus are easier to blend in. Sometimes a car is stolen several times. I know of one case where a Golf had three different owners over the course of one week. It was first sold at a dealership in Nis. The guy had duplicate keys, so that very evening he 'retook possession' of it. Then it got a new owner in Belgrade, only to then be sold in Novi Sad. Naturally, the 'sheep' who bought the luxury car for a trifle did not think about that at the time," says our anonymous source.

Macedonia

* Role of President Gligorov Analyzed

93BA0811A Skopje PULS in Macedonian
11 Mar 93 p 9

[Article by Aleksandar Chomovski: "With Kiro or Without Gligorov?"]

[Text]

Presidential Elections

Supposing it is possible to hold the first presidential elections, and if they should be held, which candidate would be the one to be elected in direct, public, and secret elections? For five years is not without significance for solving the problem.

The mark of the Macedonian political vaudeville is recognizable—every internal action for external decoration is carried out with drum rolls: New elections are coming. The public already has become accustomed to such party bluffs.

The disposition of the parliamentary forces, especially the nonchalance in the Assembly activity, the idea of early elections, and the attitude concerning self-dissolution of the Parliament, all of these things make [elections] almost impossible. The government coalition partners will not permit the chance, under the guise of "basic preparations" for the election laws, to work on their behalf. The opposition as yet has not welcomed the "excessive upheaval" which would influence the momentary outpouring of sympathy in the voting process. Irrespective of the fact that the elections always are a "time bomb" for those who initiate them, the concept for holding them does not go beyond the framework of the politicking for support among the citizens.

In the shadow of the possible parliamentary elections, elections for the president of the country are being discussed regularly, using the same criteria for evaluating the opportunities and the (lack of) success of the international policy that was created and carried out. At the same time, three overall factors can be characterized: First, no party has made bold to call for the first regular, separate presidential elections. Second, in its statements, the opposition which, understandably, is the harshest critic of the actions of the chief of the Macedonian state, still has not fired the starting gun for the presidential race. And third, the opposition is not being crafty about the office, the authority, and the popularity rating, instead it waits for blunders on the part of the President of Macedonia, Kiro Gligorov. Surely that would be an important factor in estimating and evaluating if and when it would be possible to call for elections for his office. In its last five statements, two times the opposition has officially asked for the formal-legal prerequisites for new legitimacy of the President of Macedonia, according to the permanent constitutional model, the procedure, and the newly created functional responsibilities. On the eve of the Edinburgh meeting in the European Community, in the face of cruel criticism made because of the inability of Macedonian diplomacy, the president threw down the gauntlet before the critics who wished to hold him responsible, with an elementary challenge: New elections are always possible.

One month later, during September, a draft law for the election of the President of Macedonia, prepared by VMRO-DPMNE [Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity] Deputy Djordji Kotevski, was entrusted to the Assembly archives. The government coalition could be expected not to accept his initiative, but it remains unexplained why the opposition did not stand behind its deputy and not insist on introducing the law and the debate concerning the new presidential elections into the Assembly process.

In the self-evaluation of what is gained and what is lost, in the party aspect probably begin with the desire to prolong one of the real safeguards with the more objective election rating, to halve the time period of the first mandate of the Macedonian parliament. The fact that neither one of the currently two leading groups has decided to put forward a party leader who would be a future president of the country deserves a special analysis. On the contrary, the chiefs of the Social Democratic Alliance and of VMRO-DPMNE with their actual, but also political, youth cannot utilize the constitutional basis—40 years of age, as a criterion for their candidates. Playing the card of the current president, "as the greatest election investment", the Social Democrats, are tying their chances in the next election to Kiro Gligorov and do not have a answer to two possible versions of the question: What about him? Certainly, what if the Chief of State in the next election battle is determined by a broader party coalition in order to be able to transform the Bolshevik version—Father of the Nation—into a more real democratic model—President of Everyone?

This is a period of transition with anticipated instability in all political institutions. Although the legitimacy and constitutional continuity of the current president is not a question, there are spots that need to be cleared up. The fact is that Kiro Gligorov was elected as President of the Socialist Republic of Macedonia in circumstances and in an atmosphere which almost did not allow other alternatives. Now he is head of the Republic of Macedonia, a new country in the international community, with constitutional conflicts which originate from the model of the division of the executive authority, and with altered and newly created rules of play, exercise of rights, and realization of obligations.

The legitimate sphere of possible consequences of not calling for presidential elections may be reduced to the following questions: First, if there are no elections, does his five-year mandate continue? Second, what type of legislative majority will be used to determine the conditions for calling the first regular Macedonian elections for the Chief of State? The constitution does not define it, and the Assembly rules define it imprecisely.

The political prerequisites and evaluations concerning if and when it is possible to call for presidential elections are more and more frequently mystified by the influence of the so-called international factors. Favorable judgment for the moderate and measured policy of the President of Macedonia are clearly insisted upon by the media. Internally, the "sellers of this idea" fear this trend as a personification of the political stability and interethnic dialogue. Externally, two themes which are dangerous for relations after the establishment of the post-democracy are recognized. The first deals with the international relations between Macedonia and Greece, and it is agreed that the solution of the mutual quarrels must not be to the detriment of the Gligorov-Mitsotakis duo. Although in and of itself this may be part of pragmatic diplomacy of European interests, it suspends the essential democratic right of election and may lead to

general manipulation from outside by external forces. A speculative association cannot be excluded: It is very easy for a power to stay with the rules of antagonisms and not of cooperativeness. Does that mean that the situation of Gligorov and of Mitsotakis will heat up or will set open questions between Macedonia and Greece on fire? Is this not reminiscent of the atmosphere, in a peacetime version, of the Serbo-Croatian war which Tudjman and Milosevic are conducting?

The experience of Macedonia's eastern and western neighbors point to two tendencies. In the countries with democratic revolutions and upheavals, presidents who in the dissident past were not enslaved to Communist ideology, even to that more liberal ideology which is a visiting card for the West, are in power. Not so long ago, NEWSWEEK evaluated the Slovenian election results as a victory for the liberal communist [Milan] Kucan.

In all ex-Yugoslav Republics, after international recognition, two elections are held, the second in a series, with constitutions which are passed as an expression of the new elected officials or of the constituted authority. In addition to Slovenia and Croatia, the same thing has been done in Serbia and in Montenegro (Yugoslavia).

Some more recent tendencies in Anglo-American circles favor the ideas of and nominate candidates from the middle, a mature, but older generation of politicians.

With Kiro or without Gligorov? If it is possible to hold the first presidential elections, and if they should be held, which candidate would be elected in direct, public, and secret elections? Five years is not without significance for solving the problem. This, in itself, contains elements of personal evaluations and subjective judgments if the desire and chance for legendary status in the creation of the Macedonian state, independent and sovereign, should be analyzed on an equal basis with the elements of the rationality, complexity, and efficiency of this office. This will depend also on the degree of the personal popularity, of the real chances, in these complicated conditions, of maintaining a high rating among the citizens. In the meantime, the authority of the presidency of the state as its legitimate representative is being eroded by the external conditions and relations.

Preoccupied with conducting foreign policy which was distracting his attention from domestic affairs, the President of the Republic marginalized certain areas in which his responsibilities are, if not dominant, then equal to those of the government as a second institution of executive power. Thus, behind the personnel changes in the general staff, which were expected and necessary, it proved to be the case that there was an inability to formulate an autochthonous strategy for defense of the state. According to the constitution, and in particular, according to the Law on Defense, the responsibilities in the area of security are concentrated in the President of Macedonia. He is obliged to arrive at a strategy for defense which, understandably, the General Staff prepares in collaboration with the Ministry for Defense.

Without taking account of the obstruction which is being carried out in the parliament and in the government concerning the establishment of the judicial body, it is indisputable that the president, precisely in this initial phase, has important and responsible duties.

Of course, these are only initial elements for analyzing the success in the functioning of the president. Priority is given to the matter of international recognition, even before the real needs posed by the complex issues connected with the elections, which the president should soon address.

* Legislative Process in Macedonia

93BA0886A Skopje NOVA MAKEDONIJA in
Macedonian 27 Mar 93 p 14

[Article by Zorica Darkovska: "The State Power Is Becoming Imbalanced"]

[Text] *Compared to the executive, the legislative power is in a dominant position, while the judiciary remains unstructured. How has the jurisdictions of the Assembly become confused with that of the government, and what protective mechanism could we apply? Has the time come to amend the Constitution?*

The weak points in the Constitution of the Republic of Macedonia began to emerge one and a half years after its adoption. With increased frequency the friction in the relationship between the legislative and the executive branches can be seen in various areas. We know that the Constitution divided the authority into three equal and independent branches: the legislative, executive, and the judiciary. Unfortunately, so far nothing can be said about the latter in terms of the first two, for it has not been constituted. As to the legislative and executive branches, views differ, depending on who expresses them.

There is general agreement that the powers in Macedonia are not balanced. This was said by Tito Petkovski, deputy chairman of the Macedonian Assembly, and by the government in a document recently issued to the assemblymen; the same was noted by the special Assembly task force that had undertaken a more thorough study of this issue. The reasons for the imbalance are found in the incompleteness of the mechanisms which had to make as smooth much as possible the functioning of the constitutional intent. The model of the separation of powers is not perfect. Ways have been developed for the legislative and executive branches to influence each other in order to maintain the desired balance, something difficult to achieve in practice. The purpose of the adopted "checks and balances" model was to prevent any one of the branches to acquire excessive power and the actual concentration of the entire power within one of the branches.

'Unprotected' Government

Something else happened. Despite all the divisions within it, we are faced with the dominant position of the legislative, or the Macedonian Assembly, compared to the executive powers or the government.

Therefore, it appears that the Constitution set relations between them in favor of the Assembly. The Assembly's legitimacy is based on the citizenry from whom it stems, and to which sovereignty belongs. Conversely, it is the Assembly that appoints the government as the executive power, and the government is answerable to it. The parliament is "granted" its power on the basis of the constitutional law and its position. Whenever it determines that the government is not implementing its functions or is not applying the laws that express the policies of the Assembly, the latter has the right to vote a lack of confidence in the government. The Assembly has the permanent right of "threatening" the government and forcing it to resign. In exercising its control over the work of the government, the parliament has the right to resort to constitutional instruments, such as questions by assembly members, investigative commissions, interpolations and, as its strongest tool—a vote of no-confidence in the government.

Unlike these rights, the Constitution does not contain a mechanism with the help of which the government could "defend" itself from the Assembly, should the Assembly express a lack of confidence in it. It has no right to dissolve the Assembly rather than resigning, as is the case of governments in other parliamentary systems. This shows that the legislative is more powerful than the executive. These are all constitutionally approved stipulations.

Parallel Ministries

The position in which the government finds itself is obviously not one of the best. This explains its reaction to the situation according to which "the legislative and executive branches, if considered as two cog wheels of the same machine, should turn in harmony, for otherwise the machine would function poorly." In order to restore the balance, instruments must be provided for influencing the legislative branch. Hence its awareness of the threat that the established system of separation of powers will actually be reduced to something like an assembly-government system similar to preceding one. What enhances the danger even further is the fact that we are in a transitional phase and that the general legal regulations applied by the state have still not been coordinated with the constitutional stipulations. The most important thing, according to the government, is the need for precisely determining the obligations of the two branches. This is made difficult by the fact that some laws give the power to the Assembly legally to settle individual relations not based on the Constitution, specifically in the case of objectives and tasks related to monetary-credit and foreign exchange policies, issues which must be handled either by the National Bank of

Macedonia or the government. Another bothersome feature is the supervision exerted by the Assembly over the implementation of the obligations of the government in the field of defense. This is considered a negative trend and a constant appropriation of rights by executive authorities, thus making the government the arm of the Assembly. The work program of the parliament is also mentioned: in addition to legislation it also calls for investigating a number of issues by commissions and other working bodies. This is viewed as making policy by the Assembly. According to the government, such a nonconstitutional deformation turns the commissions and the working bodies of the Assembly into parallel ministries to whom the administrative authorities must report on their work and which analyze the responsibility of the officials who manage them.

Against Logic

Also interpreted as an assumption of competence is the Assembly's participation in the activities of said leading authorities, as the majority of laws stipulate. This is not part of the logic of the authority of the legislative branch, nor could a comparable example of this be found in democratic countries. Naturally, there is yet another recurrence of the former state-legal system, based on the previous constitution, according to which, on the basis of a law, the Assembly could establish economic and other organizations whose activities would be of general interest to the Republic but which now, automatically, have been transferred, ignoring the constitutional-legal logic which stems from the new Constitution. Thus, the government reminds us that the parliament passed a resolution on establishing the Macedonian Information Agency as a public enterprise. This made it its founder, although according to the Constitution it is not empowered to found enterprises. An even better example of the violation of constitutional obligations is the resolution which was passed on establishing the Agroberza—a public farm commodities exchange.

The government does not ignore the mixed obligations of the two powers, and notes the anachronisms that appear in the course of establishing a law-governed state based on a constitutionally approved balance. The Assembly has still not issued its opinion on the actions of the government although it could honestly bring forth pertinent arguments based on the primacy of the laws which the Constitutional Court has ruled to be anti-constitutional. This could happen the moment the assemblymen undertake to discuss relations between the legislative and executive branches. This is an issue which, we were told, is only waiting to be included in the agenda, for the material to this effect has been prepared and submitted to the Assembly's chair. This could apply to some constitutional stipulations that, on the basis of practical experience, are considered not to function the way they should. Naturally, at the time when the highest legal document of the state was being debated, it was said that it may be subject to changes made necessary by practical life.

[Box, p 14]

Demagogy

The Macedonian Assemblymen have their own views on relations between parliament and the government, mainly based on the current positions. Let us note the views of independent Assemblyman Todor Petrov. According to him, under the government of experts, depending on their parties, the representatives wanted to keep the power in the Assembly. Now that we have a parliamentary majority, statements that the parliament can suspend the authority and powers of the government are pure demagogy. We now have a situation in which even though the government may clearly overstep its constitutional authority we cannot expect of the parliament to appeal such cases to the Constitutional Court, for the government is backed by the parliamentary majority. Hence, it is hastily claimed that the executive authority is usurping constitutional powers.

As to the impossibility of the government to "defend" itself from parliament, according to Todor Petrov the situation is the following: It is accurate that, according to the Constitution, the government does not have the right to dissolve the parliament; however, this would make the wrong impression. If the government indeed wants elections, at that point the coalition partners could easily agree among themselves and, without the need of a special act, they could do so with their parliamentary majority. Therefore, if the government wished, it could dissolve the Assembly any time. The problem lies elsewhere. Anyone who comes to power is in no hurry to abandon it and tries to stay in power longer and, if possible, forever.

* New Deputy Ministers Appointed by Assembly

* Candidates, Procedure Discussed

93BA0939A Skopje NOVA MAKEDONIJA in
Macedonian 15 Apr 93 p 3

[Report by K. Cangova: "Deputy Ministers Appointed by the Macedonian Assembly"]

[Text] *Deputy ministers were appointed for 12 ministries. The SDSM [Social Democratic Alliance of Macedonia], PDP [Democratic Prosperity Party], and RSM-LP [Reformist Forces of Macedonia-Liberal Party] have four deputy ministers each.*

The 60th session of the Macedonian Assembly continued its proceedings yesterday. The representatives appointed deputy ministers of 12 ministries and the deputy director of the Customs Administration.

During the three-hour long meeting of the Assembly there were more intermissions than actual work. Thus, the meeting opened two hours late, sometime around noon, for lack of quorum.

Ljupco Georgievski, VMRO-DPMNE [Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity], reacted to this delay by blaming the coalition partners who do not show up in the Assembly on time, act destructively, and block the work. The same remark was made by Dosta Dimovska, member of the biggest party, who noted that it was the opposition assemblymen who bore the responsibility.

Another hour was lost because of the pressing schedule of the prime minister who had to be present for the appointment of deputy ministers, for it was he who had submitted the list. The opposition initiated a debate on this item on the agenda.

After Assembly Chairman Stojan Andov explained that the vote will cover the entire list and the choice made by the government, Tomislav Stefkovski, coordinator of the VMRO-DPMNE group in the Assembly, pointed out that the candidate deputy ministers must attend the session and stated that he would abstain unless they were present. Mihail Panovski, from the Ilinden-Free Democrats, reminded the Assembly that one year ago individual ballots were cast for the people selected by Kljusev, thus making the voting as a packet for these candidates illogical. Independent Assembly member Djulistana Markovska asked on the basis of what law or Assembly act was there a single list and to what new regulation were they referring.

Ljupco Georgievski began voicing his approval of the government's action of submitting the names of deputies after seven months, which is the only visible action taken by this government. He stressed that he is hindered by the lack of attendance of those people and expressed his surprise that their party affiliation is not mentioned. He stated that with the exception of one name on the list, that of Vladimir Ortakovski, the rest are unknown or incompetent people, unsuitable for the position to which they were nominated. Georgievski found unacceptable that after the appointment of five ministers to the government, now four deputy minister nominees are Albanian, judging by the names submitted by the PDP. These nominations are unacceptable, because the PDP has not responded to the issue of Macedonian sovereignty and statehood since its registration. In his view, this implies demand for a federation and the granting of some kind of autonomy. Some VMRO-DPMNE representatives stated that they would abstain, for they refused to vote for a single list, while others would not vote because of violations of the procedure and the brevity of explanations.

The Assembly chairman replied to these remarks by identifying separately the party affiliations of the nominated deputy ministers. He pointed out that there will be no second debate on the subject of incompetence or inadequate professionalism, for each one of the nominees is a university graduate. Their presence is not necessary. They will appear in the Assembly if they take over from the minister. The representatives belonging to the coalition pointed out that these remarks were mainly

of a formal nature and that this is not an issue to be dealt with by the opposition but by the parties in power. They also said that it is not seemly to accuse people who have not been elected as yet and for them to be subject to charges before having proved themselves, for this will be an insult to them even before their appointment.

SDSM representative Nikola Popovski said that he will cast a favorable ballot, for the appointed candidates have been described in unpleasant terms unjustifiably, while we are dealing with professional, competent, and mature people. The opposition should not be concerned with the responsibilities assumed by the government, something that will become clear with the elections. Trying to split the coalition will not work, and the parties will not waste their time in discussing this issue. To Popovski, charges without substantiation indicate a waste of energy by the opposition.

After the debates, once again Stojan Andov said that the political government was elected in accordance with the new Constitution. Deputy ministers are not a constitutional category but, according to the Constitution, they could replace the members of the government. This was followed by a vote on the entire list of names. Sixty-six assemblymen voted for and 14 against, with five abstaining. This concluded the agenda of the 60th session and, having stated that no new session will be held before the Easter holidays, the Assembly president wished Orthodox assemblymen a happy Easter.

[Box, p 3]

'Physical Contact'

In his discussion on the candidate list of deputy ministers submitted by the prime minister, among others, Tomislav Stefkovski said that the representatives must physically meet the nominated individuals. He assumed that they would be present in the hall. This caused laughter in the Assembly hall.

Prime Minister Branko Crvenkovski stressed, in connection with Stefkovski's statement, that he was not about to comment on the suggestion of the physical presence, the representatives not having understood the issue. He also added that "physical contact requires the agreement of the two sides."

Coming from the prime minister, this is too much!

[Box, p 3]

Who Are the New Deputy Ministers?

Yesterday the Macedonian Assembly voted on the appointment of 12 deputy ministers as a packet. The SDSM, PDP, and RSM-LP each have four deputy ministers nominated.

Thus, the following SDSM members are nominated: Tome Cemerski, Ministry of the Economy; Jorgo Sundovski, Ministry of Urban and Town Development, Communications, and Ecology; Sande Dzambazovski

M.A., Ministry of Agriculture, Forestry, and Water Resources; and Blagoja Petrusevski Ministry of Labor and Social Policy.

The following PDP members were nominated: Nazmi Malitj, Ministry of Defense; Bardul Kuka, Ministry of Justice and Administration; Hasan Jasari, Ministry of Education and Physical Culture; and Imer Imeri, Ministry of Health.

The deputy ministers members of the RSM-Liberal Party are the following: Kiril Sarevski, Ministry of Internal Affairs; Spase Lazarevski, Ministry of Development; Dr. Vladimir Ortakovski, Ministry of Science; and Zlatko Teodosievski, Ministry of Culture.

Yesterday the parliament appointed Customs Administration officials. Dimitar Buzlevski, financial director of the Agropod AD [Corporation] from Resen, was appointed director of that state institution; Saban Zenedeli, employed at the Arbi Company in Kumanovo, was appointed deputy director.

[Box, p 3]

Law on the Protection of Secondary School Students To Be Passed Soon

Some of the representatives' questions were not answered at yesterday's session. A major percentage of them will be answered in writing. An interesting question was raised by Vladimir Golubovski, VMRO-DP [VMRO-Democratic Party], who asked whether the government intends to draft a law to protect young people from the worrisome spreading of the use of drugs, alcohol, and juvenile prostitution. The answer was that such legislation is already being drafted.

Dimitar Bajaldziev, minister of education and physical culture, said that such an obligation was already assumed by the Ministry of Justice and Administration, which will draft, as soon as possible, a law on the protection of secondary school youth from various harmful actions, which will emphasize draconian steps.

* Biographic Data

93BA0949A Skopje NOVA MAKEDONIJA in
Macedonian 14 Apr 93 p 3

[Unattributed report: "Proposed List of Deputy Ministers"]

[Text] Today the Assembly must rule on the proposed list of candidates for deputy ministers of 12 ministries.

Ministry of Defense: Nazmi Malitji, born 18 March 1957 in Kumanovo. Graduated from the National Defense Department, Belgrade, in 1981. Worked as professor of national defense.

Ministry of Internal Affairs: Kiril Sarevski, born 21 November 1942 in Kumanovo; law school graduate and chairman of the Assembly of Kumanovo Township.

Ministry of Justice and Administration: Bardul Kuka (10 December 1947) in Debar. Graduated from the law school in Pristina in 1970; currently secretary of the Debar Medical Center.

Ministry of the Economy: Tome Cemerski, born 10 April 1950 in Kavadarci, chemical engineer by profession and deputy director of the MEPOS [Ministry of the Economy]. Ministry of Development: Spase Lazarevski (born 2 May 1949 in Zivojno Village, Bitola area). Graduate of the Economics Department in Skopje and assistant minister of development.

Ministry of Urban and City Development, Communications, and Ecology: Jorgo Sundovski, born 24 April 1955 in Bitola, architect, currently interim technical director of the Urban Development and Planning Institute in Bitola.

Deputy minister of agriculture, forestry, and water resources: Sande Dzambazovski (born 23 April 1949 in Seoba Village, Negotino area). Agricultural Department graduate in crop growing, director of Sloga ZZ [Agricultural Cooperative] in Sofilari Village, Stip area.

Ministry of Labor and Social Policy: Blagoja Petrusovski, born 11 March 1948 in Sveti Nikole. Economist currently employed as general director of Tekstilopromet in Kumanovo.

Ministry of Education and Physical Culture: Hasan Jasari, born 20 February 1956 in Dobroste Village, Tetovo area. Sociology graduate of the Department of Philosophy in Skopje (1980), currently deputy interim principal of the Kiril Pejcinovic High-school in Tetovo.

Nominated candidate for deputy minister of science: Dr. Vladimir Ortakovski (born 5 August 1950 in Skopje), graduate of the Political Science Department in Belgrade, master's and doctoral degrees earned at the School of Law in Belgrade, currently professor of international law at the Security Department.

Ministry of Culture: Zlatko Teodosievski from Skopje (born 1952). Graduated in history of art. Department of Philosophy, employed at the Ministry of Culture as adviser.

Ministry of Health: Imer Imeri, born 29 April 1942 in Cegrane Village, Gostivar area. Graduate of the medical school in Pristina (1981), specialized in general medicine. Has private practice.

Dimitar Buzlevski: Candidate for Director of the Customs Administration

Dimitar Buzlevski, financial director of the Agropod AD [Corporation] in Resen, was nominated director of the Customs Administration. Buzlevski was born on 5 October 1952 in Jankovec Village, Resen area. He graduated in macroeconomics at the Economics Department, Skopje 1981. Prior to assuming his current position in Agropod he was head of the commercial service of the

Carev Dvor ZIK [Agricultural Combine] in Resen, as well as deputy chairman of the executive council of the Resen Township Assembly.

*** League of Vlachs Holds Meeting**

93BA0886D Skopje VECER in Macedonian 17 Mar 93 p 11

[Report by S. Fundu: "A Vlach-Language Grammar; Meeting of the League of Vlachs in Krusevo"]

[Text] Krusevo, Mar—In the presence of representatives of associations from Bitola, Skopje, Stip, Gevgelija, and Tetovo, the League of Vlachs in Macedonia recently held its regular meeting. Its members discussed the main issues of current interest to their people. They were particularly interested in the news that a grammar book had been written and was almost ready for printing. It is the work of Professor Janko Jankieski, someone well familiar with the romance group of languages. One of the reviewers is Petar Atanasov, professor of romance language philology at the Skopje Philosophy Department.

The delegates were also pleased by the report that the necessary funds for resuming the publication of the newspaper FENIKS had been procured. The newspaper had stopped publication for almost a full year for lack of funds.

*** Democratic Party of Yugoslavs Founded**

93BA0886B Skopje VECER in Macedonian 16 Mar 93 p 2

[Unattributed report: "West-Macedonian Yugoslavs!"]

[Text] With the breakdown of the former SFRY, the branches of the Party of Yugoslavs living in the Republic separated themselves from the "federated mother-country." However, all indications are that this did not mean putting a definitive end of the division within the Yugoslav Party. Recently a "declaration of independence on the regional level" was made public within the Party of Yugoslavs in Macedonia. The division affected the West-Macedonian Yugoslavs, who established and registered a new party—the Democratic Party of Yugoslavs in Macedonia, with headquarters in Gostivar.

The new party consists of "dissident" members in Gostivar and Tetovo and some members of the Skopje branch. They elected as their chairman Zivko Lekoski, former member of the Main Coordination Committee of the SJ [Party of Yugoslavs] in Macedonia. The Gostivar Yugoslavs cited as the precise reason for their "independence" the breakdown of the party which took place ever since it was headed by Slobodan Ivanovski.

*** Crisis in Orthodox Church Examined**

93BA0862A Skopje VECER in Macedonian
27-28 Mar 93 pp 6-7

[Article by Tale Sotirovski: "The Candle Fogs the Dome"]

[Text] *Why is it that the Macedonian Orthodox Church is getting increasingly closer to the dark and unseemly affairs of this world?*

The crisis in the Macedonian Orthodox Church has reached a point where even the slightest spark would agitate the spirit of the clergy and heat up the overall atmosphere.

An absurd situation: the case of the five defrocked priests is deemed more relevant than the biggest problems facing the church.

One of the sources of the crisis is the Holy Synod of Bishops and the head of the MPC [Macedonian Orthodox Church].

It is time to reduce attacks and calmly resolve misunderstandings.

It has already become an unwritten rule that very soon after God blesses His beloved children to live in peace and pledge love and union, existing or new crises will arise within the Macedonian Orthodox Church, shooting sparks, and triggering flames that, once again, and only God knows how frequently of late, will become the focal point of interest to the public, triggering its curiosity. However, this is not a reflection of worldliness, most frequently linked to any mention of the church, but of the events and various intrigues crowding the pages of the earthly and seemingly not earthly records.

This applies to two of the recent events which appeared almost simultaneously: the play "The New Testament According to Judas," staged by the Strumica Theater, and the reaction of the church to it, and the readmittance of the five defrocked priests into the Prespa-Bitola Parish by Archbishop Gavril of Ohrid and Macedonia, and the reaction of the parochial clergy to such a decision, plus their request for the archbishop's resignation. And whereas in the first case the Macedonian Orthodox Church may have drawn the attention of the public perhaps more as a result of the fact that in some cases hasty reaction could boomerang (an event gain a publicity which, in all likelihood, it does not deserve), exposing, furthermore, its wish to interfere in areas that are outside its domain, while the second case, that of the defrocked priests, exposes what happens within the church itself.

A Grave Crisis

Circumstances put the Macedonian Orthodox Church itself in the same position that the state finds itself in, related to nonrecognition, questioning its autocephalic nature, appointing some kind of administrator from

another church, and other similarities, digging into such events may seem somewhat unseemly. However, bearing in mind that we are dealing here with a basic national institution of prime importance, under whose dome, as is the case with the state, instead of pursuing the highest possible objectives and tightening the ranks, antagonisms are being pursued, to ignore such conditions would be even more unseemly, the more so since the main common theme here is the existence of a crisis.

Actually, the crisis in the Macedonian Orthodox Church was given many opportunities to develop and was able to sink deep roots. It has encompassed virtually all vital elements and the overall structure of the church and continues to worsen. One could even freely say that the situation has reached the state of blockade and of undermining the reputation of the church itself and of questioning its maturity. It is true that, on the surface, in matters of church life, everything seems to be absolutely normal and quite peaceful, as though nothing were happening. It is a fact, however, that it would suffice for even a most minor incident to happen for the spirit of the clergy to rebel, for internal heartbreaks to occur and allow an entire array of "plunging into lawlessness," "violation of the canons," "violating statutory principles," and similar accusations to come to the surface. Meanwhile, other events occur, such as throwing bishops out of parishes, internal confrontations among priests, misunderstandings in parishes, and various protests which, added to the mentioned situation, make them quite difficult to resolve.

A Key Source

To be sure, the key source for such a crisis should not be sought outside the church itself, although we cannot exclude a certain influence exerted by some external factors. On the contrary, it is deeply entrenched within its ranks or, to be more specific, within its leadership—the Holy Synod of Bishops or, as the MPC statute describes it, "the highest church legislative, church legal, and church-judiciary power." It is no secret that it has become divided, polarized into two totally opposite trends that are in a state of permanent confrontation and disagreement. This division, as we know, emerged on the surface for the first time in Krusevo, at the time when a liturgy was to be celebrated, to commemorate the 86th anniversary of the death of Nikola Karev. On that occasion three bishops refused to participate. Since then this confrontation has become increasingly deep, leading to new tensions and culminating in the defrocking of the five priests. On top of everything else, it was this little candle that quite clearly triggered the fight, giving it broader dimensions, turning it into a clash about the concept and interpretation of the church statutes themselves.

In other words, while one of the sides believes that the church should not lightly reject its children, and that the archbishop exceeded his rights, the other side categorically holds the view that this was the case of violation of the rules and of breaking the canons, thus directly

undermining the structure and order of the church. Another element must be added to this conflict: the status of the parish and the bishop. Those who justify the action of the head of the church believe that the strength of the parish depends on the unity within the central body of the church and that canonically it is proper for the bishop to have greater rights within the parish but not to be an absolutist. Conversely, the other side believes that no one, including the archbishop, has the right to interfere in the internal affairs of another parish which is autonomous, and that the bishop is totally autonomous in ruling the parish. That is how we have reached a point to which, for the time being at least, there seems to be no solution.

In this case, the archbishop himself should not be ignored. It is a fact that he is somewhat involved in all of this. To begin with, as the head of the church, he could have resolved the situation much earlier and more energetically. We cannot accept or have reservations about the fact that his rights are such that he could not do anything more than what he did. It is always possible to cite the statutes and their obsolescence, which is a fact, for they were drafted during the period controlled by another system and bear all the weaknesses of those times. However, in no case could this be accepted as full justification, particularly if we bear in mind some other events related to the archbishop's leadership of the MPC: submitting and then retracting his resignation, keeping a balance within the Synod with the support of one of the sides and then the other, allowing some matters to develop as though they can be resolved by themselves, poor organization, and so on.

Serious Consequences

One way or another, all of this brought the Macedonian Orthodox Church to its present situation: from leading a regular life to a significantly irregular one, with graver consequences. Above all, its reputation has suffered which has become greatly damaged; its international recognition has become more difficult and its reorganization, consistent with the demands of our time, has been virtually blocked; the winds of pluralism which were knocking at its gate seem to have trapped it shut. Whereas until yesterday we were complaining that its antediluvian system was hindering its activities, particularly in spreading the faith, it is as though the freedom of action simply confused it and exposed all of its personnel and other weaknesses.

On top of that, the preoccupation with the case of the defrocked priests and all related events have led to a truly strange absurdity: the candle has become bigger than the church itself. At least in our view, because of a minor problem, a number of very big problems accumulated, the resolution of which is now much more difficult. This includes, above all, its material condition. Overall, it is not among the best. It is particularly grave when the issue of its educational facilities arises: that of the Secondary School of Theology and the Theology Department. These institutions are being torn apart by

rather serious financial problems, while one of the possibilities of resolving them, such as returning its property to the church (and not only to the church) has not even been considered.

Similarly, no progress has been made in drafting the new statutes and the internal information system. This ended quite some time ago (the newspaper is not being published); furthermore, the situation concerning the overseas parishes is becoming increasingly tense. For example, the U.S.-Canadian parish has been without a bishop for quite some time. This should be a function of the Holy Synod of Bishops, collectively, but, as one of its bishops said, since there is no leadership, despite its many fathers the child remains an orphan. A bishop was appointed to head the Australian Macedonian Parish, but his seat is in Macedonia and now this as well has become a problem. At the same time, the seriousness of the situation relative to registration and the work of some of the local priests has worsened. In both parishes ever more clearly one can see a trend of distancing from the protection of the Macedonian Orthodox Church, something strongly encouraged by the propaganda services of the other churches.

Other similar consequences could be named as a result of the crisis in the MPC leadership, such as the unsuccessful talks with the Serbian Orthodox Church in Kalista, and the mission of the Assembly of Patriarchs in Istanbul. However, none of this could contribute to the resolution of the crisis. Actually, the purpose of going back to this issue is not to worsen it but to prove that this is truly high time for getting together with dignity, for easing the tension, and calmly discussing the issues, as is expected of the members of the clergy who must begin to resolve misunderstandings, the more so since this is a significant year in church anniversaries: the 1,100th anniversary of St. Kliment's sanctification and the same anniversary of the arrival of St. Naum in Ohrid, marking the start of the monastic movement. The celebration of these dates requires extensive activities and fundamental preparations. Conversely, any further extension of the tension which currently prevails can only act to the detriment of the Macedonian Orthodox Church, and not only to it alone.

International Financing of Census

93BA0879B Skopje NOVA MAKEDONIJA in
Macedonian 27 Mar 93 p 13

[Report by Katica Cangova: "The International Community Is the Financier"]

[Text] *If the Council of Europe institutions agree to finance this statistical action, the special census would take place in April of next year. Its cost is estimated at \$1,515,000*

It is quite likely that next April a special census of the Macedonian population will be held. This would be an overall act involving all citizens in the Republic and not a partial one or one exclusively held for that segment of

the population which boycotted the census of two years ago. The initial assessment of the cost of this project was \$1 million. However, the analyses and modalities that are being applied in other countries and must be used here, have increased the cost of the census to \$1,515,000. Everything seems to indicate that this special census will be financed by the international community. Macedonia will be the first country in the world in which participation in this action will come entirely from the outside. This should be viewed as entirely normal, bearing in mind the existing economic situation in which the Republic finds itself, one which does not allow any special projects. Nonetheless, the question of financing, for the time being, remains open.

More thought must be given to the ways and means of financing the special census. No single possible solution, however, has reached the stage of definitive acceptance by the international associations or the respective republic authorities, according to Svetlana Antonovska, director of the Republic Statistical Institute. Obtaining the funds appropriated for compensating for the damages caused by the blockades, as one of the means of implementing the census, is considered unacceptable, the more so since the Republic's authorities, including the institute, believe that this census is a separate act that cannot be classified as compensation, for which reason it requires separate funds.

A Financially Strengthened Law

Otherwise, the Republic Statistical Institute has already undertaken preparations and, at present, this involves exclusively activities which do not require substantial funds, not to mention the use of manpower. Comparisons are being made with the methodological solutions used in the last census, followed by making corresponding methodological decisions on carrying out such activities based on the recommendations of the United Nations. Included in this aspect of activities is a procedure applied by a certain number of international organizations and associations about determining the structure of the group of experts, and the experts in the field of demographic statistics who would be included in providing pertinent and, above all, expert and methodological assistance in defining the instruments to be used in the census.

The official preparations for the census begin with a draft law to be passed by parliament. However, such a law may be launched on its official procedural way only if it has financial backing. According to Svetlana Antonovska, we are expecting by the end of next month a clarification to be issued by the respective Council of Europe institutions. If they confirm that funds have been secured, we shall need between nine and 11 months to make our overall preparations for the census. That is why it is objectively expected that this project cannot take place this year but by next April, again between 1 and 15 April, as was the case of the census two years ago.

On the Basis of International Standards

At the meeting with Mr. Werner Haut, head of the European Council Committee on Demography, all aspects for the implementation of the special census were considered. The accepted view was that this was to be an overall act involving the population, households, houses, and farms in the Republic, based on international standards and regulations. The need was voiced of providing conditions for depoliticizing this statistical action and for touching upon all unresolved and disputed issues that, as we know, made the regular 1991 census only partly successful. A classification of all questions was made which would require consultations with international statistical organizations and associations. The unresolved issues were indicated, naturally to be handled according to the familiar and approved international criteria.

Population censuses are held once every 10 years. However, there have been cases in which, as a result of newly developed circumstances, such as ours, with the declaration of independence of the Republic as a state, the need for a special census arises. The reason for it is to establish the necessary prerequisites for obtaining complete data on the socioeconomic and demographic structure of the population in Macedonia on the micro- and macro-levels. According to Antonovska, because of the boycott on the part of the Albanian population, the 1991 census failed to provide overall data, thereby making a survey of certain dynamics on the micro-social level in the Republic impossible. The Republic Statistical Institute was able to obtain only general data. As to the population on the township level, we have both the numbers and structures based on ethnic affiliations. However, there are no data about specific settlements, for the statistical methods do not allow an accurate determination for such minor factors. There are limiting factors in assessing the specific structure of the population, obtainable on the basis of occupation and school training. That is why one part of the detailed analytical data and through averaging, for which we have no regular statistical studies, such data cannot be obtained.

Making Manipulations Impossible

We expect that the census we are planning for next year and, we trust, will encompass all Macedonian citizens, will inform us of the actual situation in terms of the number and structure of the population living in our land, according to Svetlana Antonovska. It will make impossible any political misuse involving the ethnic structure of the population. Applying the basic statistical standards on which the international principles are based will ensure data concerning the citizens of the Republic who live in Macedonia, those who live outside the country, but are its citizens, all permanent residents, and others who happen to be in Macedonia at the time of the census. For the time being, the Republic is in a position to perform this action and it is likely that at least the criticism, coming mainly from the Albanians, concerning one part of the census, will not be repeated.

This applies to the demand that a copy of the census form remain with the surveyed family. With the regulation on the protection of confidential information, this can be ensured not only for the Albanian but also for the population throughout the Republic. The international mission will be asked its opinion on the use of members of different ethnic groups as census takers at the time they are selected. The census forms will be printed in no less than three languages: Macedonian, Albanian, and Turkish.

For the time being, the holding of the special 1994 census is in the hands of the international community on whose financial support this action taken in the Republic will depend. The faster appropriation of funds for this action will be the basis for the implementation of this statistical project. Both international entities and the republic authorities are interested in such a census. Macedonia would accept the participation of anyone who expresses the wish to monitor the development of all such activities. This is a standard procedure used by all countries. In any case, the holding of the special census will bring to light, once and for all, the truth concerning the size of the ethnic groups in the Republic, data about which are being constantly manipulated not only domestically but abroad as well.

[Box, p 13]

Muhamed Halili, Coordinator of the PDP-NDP [Democratic Prosperity Party-National Prosperity Party] in Parliament: The Albanians Will Participate in the Special Census

"The request for a complete population census in Macedonia is our initiative, emphasized Muhamed Halili, coordinator of the PDP-NDP parliamentary group in the Republic's parliament. If a special census is held, based on the criteria adopted by the international community, the Albanians will participate. As an ethnic group, we are greatly interested in participating in such a census."

[Box, p 13]

Ethnic Affiliation—Religious Faith

In the census of 1991 the total number of the population registered was 2,033,964. Asked about their ethnic affiliation, 1,328,187 people declared themselves Macedonians, or 65.3 percent of the entire population; 441,987 or 21.73 percent declared themselves Albanian; 77,080 or 3.79 percent declared themselves Turks; 52,103 or 2.56 percent declared themselves Gypsies; 7,764 or 0.38 percent declared themselves Wallachians; all others totaled 126,843 or 6.24 percent of the total population.

A total of 1,355,816 or 66.66 percent declared themselves Orthodox; 611,326 or 30.06 percent declared themselves Muslims; 10,067 or 0.49 percent declared themselves Roman Catholics; 56,756 or 2.79 percent declared themselves members of other religious faiths.

*** Funds for Albanian-Macedonian-Bulgarian Road** 93B40879A Skopje NOVA MAKEDONIJA in Macedonian 24 Mar 93 pp 1, 3

[Report by B. Janev: "Washington Bankers Prepared To Invest in Macedonia's Road System \$35 Million"]

[Text] *Such funds will be used to finance the laying of a road from Tjafasan to Deve Bair. Some of the work along the "west-east" line had already been started but had been stopped for lack of international financing.*

Washington's International Bank for Reconstruction and Development, two missions of which recently visited the Republic, is prepared to grant to Macedonia loans of about \$35 million to finance the restoration, reconstruction, and development of the Republic's road network along the west-east axis. These optimistic statements are the result of the visit of experts from that powerful and exceptionally important international financial institution better known as the World Bank. In the course of its members' visit to the Republic, meetings were held with representatives of RSIZ [Republic Self-Governing Community of Interests] for roads, and the Ministry of Urban Development, Urban Construction, Transportation, and Ecology. Furthermore, a number of practical activities were carried out, important in terms of road transportation. As a result of this, after more than a year interruption when, due to the situation in the former Yugoslavia, the Republic was refused already approved international credits and loans to build its road network infrastructure and, for which reason, some work initiated along the roads in the Republic had to be stopped, it is expected that such activities will be resumed soon.

Following this second two-week visit of the Washington bankers, a bigger group of experts from the World Bank came to the Republic and remained here from the end of February to the beginning of March. Possibilities were considered for Macedonia's membership in the International Monetary Fund and, automatically, therefore, in the World Bank, as one of the heirs of Yugoslavia's membership. As was stressed by Stevica Bozinovski, secretary of the RSIZ for roads, which is also the investor of all work done so far on the main and regional roads in the Republic, the purpose of the two-week stay of the World Bank experts in Macedonia was related to drafting the documents that, shortly after we become members of the bank, will make it possible immediately to request approval of the loans.

To this effect, Bozinovski says, the Washington bankers reviewed the technical and financial documentation and the revenue and expenditures based on the plan through 1996, as well as the terrain of the main target of their interest—the "east-west" road—without alternate options of passing through Strumica and Delevo but strictly following the Tjafasan-Deve Bair track. On our hand, according to Bozinovski, the work of the bankers was greatly facilitated by the fact that this track is largely consistent with the projects for which funds had been

already requested and approved as a result of the Third Sectorial Loan, totaling \$22 million, granted by the World Bank but now blocked. From the viewpoint of the technical documentation, however, this loan is acceptable and still applicable, and further efforts will be made about it, Bozinovski added.

Following the survey of the entire track, jointly conducted by the experts of the World Bank and the RSIZ for roads, it was noted in the final discussions that the granted loans should be used to pursue some already initiated repair and reconstruction projects, as well as the completion of parts of the "east-west" road. This includes the continuation of already initiated repairs of the Kicevo-Botun road section, 31-km long (the Republic had undertaken such activities with its own funds as early as 1991 but they had to be stopped). Subsequently, such funds would finance the laying of the Tetovo-Gostivar section, 19.6-km long, about which it was determined that the technical documentation and the existing feasibility studies were acceptable. This would be followed by a new section of the highway between Hipodrom and Miladinovci, 10.3-km long (also included in the technical documentation and the feasibility studies), to be followed by correcting some dangerous sections near Psaca, before Kriva Palanka (3.6-km long), and the 4.5 km-long beltway around Kriva Palanka and the laying of a new roadway for slow vehicles on the Dimofan-Deve Bair section, 5.6-km long. The Washington bank experts also agreed to the financing and building of parking areas along the two border crossings, respectively to Albania and Bulgaria, at Deve Bair and Tjafasan, which constitute the terminal points of the first phase of the east-west road across Macedonia.

A protocol on these activities was drawn up. The members of the mission will submit it to the World Bank Administrative Council, and it is expected, as was stated, that after four to five weeks following our membership in that powerful financial institution, we should rely on obtaining the funds for building, repairing, and reconstructing those road sections. In turn, the Republic will have to find the required funds for its own participation in order to obtain the required \$35 million that would be the amount of participation of the World Bank in completing all such activities. However, the amount of the credit will also depend on the per capita domestic output of our Republic. It is expected that this time the conditions under which we shall obtain such funds will be much better. To illustrate this point, so far the World Bank had approved loans with a grace period of three years and a repayment term of 15 years at a variable interest rate of 6.2 percent.

We were also informed by the RSIZ for roads, of the fact that the building of the "west-east" corridor also involves work done in Albania and Bulgaria, which are already members of that bank. This can only increase the likelihood that we shall be given such a significant financial booster. This will increase the regional significance of this road and, on the other hand, it will also

become a prerequisite for updating the work in the desired direction. Actually, this was confirmed at last year's three meetings between representatives of the respective ministries of transport of Albania, Macedonia, and Bulgaria, held in Sofia, where it became equally apparent that Macedonia has already completed most of the projects on the Deve Bair-Tjafasan section.

*** Association Promoting Acceptance in NATO Founded**

93BA0886C Skopje VECER in Macedonian 16 Mar 93 p 6

[Unattributed report: "Objective: NATO"]

[Text] *Recently the "Atlantic Club of Macedonia" Citizens Association was founded in Skopje. The founders are a group of intellectuals and private entrepreneurs with different political affiliations.*

The objective of the Atlantic Club in Macedonia, a nongovernmental, nonparty, civil institution, will be to promote Macedonian state interests throughout the world and especially among NATO members, and the ideas of Atlantism among political parties, state agencies, and citizens in the Republic of Macedonia and abroad. It intends actively to work through lobbies and other means for the acceptance of Macedonia into NATO and the other Western European and Atlantic political, economic, and defense structures, including the Western European Union, the EC [European Community], the Council of Europe, and others.

The delegates to the constituent meeting elected Dragi Ivanovski chairman of the Atlantic Club in Macedonia.

*** Problems of Electronics Company Detailed**

93BA0878C Skopje NOVA MAKEDONIJA in Macedonian 17 Mar 93 p 6

[Article by D. C.: "Transportation Dictates the Deadlines"]

[Text] *Plastic telephone components take two months to travel from Hong Kong, but one week from Ohrid to Germany. Why do materials have to wait for 24 hours at airports?*

Ohrid, 16 Mar—Because of the specific nature of its production, Ohrid's Videoengineering has been forced to cooperate with several German and French firms. For this Ohrid enterprise, maintaining ties with the foreign partners is creating many problems. People here are far from thinking about giving up cooperation, but they remark that the well-known conditions in this part of the Balkans are often putting them in a situation in which they cannot meet deadlines, often putting their reputation at risk. The reason for this is that parts from abroad are not able to reach Ohrid on time, but also to be sent from Ohrid to European countries.

As an example, people here cite imports of necessary plastic parts for telephones, which are produced at Videoengineering in cooperation with the well-known French firm Barfon, with which a joint enterprise was recently formed, headquartered in Ohrid, Barfon-Macedonia. Specifically, these parts are imported from Hong Kong by ship, but two full months are needed for them to arrive in Ohrid. Even under normal conditions the ships make this trip very slowly, but the biggest problem occurs when the parts are to be unloaded in ports in some of the neighboring countries, from which they again need several days to arrive in Ohrid. One such ship is expected to arrive in Bulgaria or Greece in a few days.

On the other hand, Videoengineering has also been forced to transport the parts that it sends to German firms by roundabout routes. The odyssey of its truck starts with the Albanian port of Durres, from which the truck takes almost 24 hours to "travel" by ship to Slovenia, and only then arrives in Germany through Austria. This trip is not only expensive, but also much longer than other transportation routes that are now unsafe.

Sometimes Videoengineering has also been forced to transport the parts needed by foreign partners by air. Recently, however, the inspection in air transportation has been more rigorous, and consequently its package necessarily has to remain at the airports for 24 hours. Instead of being more efficient, air transportation is thus prolonged by one more day.

In any case, this year Videoengineering, in cooperation with the French firm Barfon, should produce 4,000 telephones for the republic's needs, as well as 150 telephone switchboards and other equipment. It is planned that about 15,000 telephones and 500 telephone switchboards are to be marketed abroad in 1993.

* Air Traffic Control Problems Viewed

93BA0878E Skopje VECER in Macedonian
21-22 Mar 93 pp 8-9

[Article by Silvera Padori: "Money Is Even Coming From the Sky!"]

[Text] The sky is also a "market," and it depends upon the technical equipment for flight control how much revenue will be collected for flying through our sky; because of obsolete flight control equipment, will we remain a "province" of Europe?

After last year's "escape" by the republic flight control from the federal flight control, its functioning was most illustratively described to us by someone who is very familiar with air transportation—it resembled the vegetation of an organism that has lost its head. The principles of natural laws are clear, however. They say that it is not possible to vegetate indefinitely. Either one dies, or all the necessary vital functions are reestablished again....

In the case of flight control, it seems, as an alternative for survival, that the "victory" has been won by the desire to stay alive. But whether it will just continue to languish, or keep pace in the Macedonian sky as well with European conditions, will depend primarily on reaction time and the utilization of the chances that are—perhaps diffidently but nevertheless—being offered by European financial institutions for the modernization and technical equipment of flight control. That is because in the world it means not only safety in transportation and in general for the whole state, but very often a profitable "business" from which hundreds of millions of dollars are poured into states' treasuries annually.

Correcting the Neglect

"Throughout the entire world, flight control is handled by the state! If our state does not want Macedonia to remain a dead end that will be bypassed, it will have to insist that it function normally. In practice, in order for flight control to survive, it is necessary to invest in its development, which in turn will draw air transportation forward. Essentially, as long as there is a discrepancy between the development of air transportation and flight control's technical equipment, the state will also have problems that it will constantly have to cover. The fact that the sky is also a 'market' cannot be neglected, however. There are fees for flying over the states' territories, which are different and depend on many factors (the type of airplane, the weight, the route, etc.). If we are recognized and we have modern flight control that will admit, track, and see off airplanes from our territory, the fee would certainly be between \$1,000 and \$2,000 per flight, which means that significant foreign exchange funds would be poured into the state treasury. For the time being, this money is not coming in, but the controllers are already insisting and fighting to obtain civil status. They are likewise insisting that this service, vital for the safety of transportation and the state, also obtain the necessary conditions for its work, which are guaranteed solely by modern equipment," stated Predrag Terzievski, one of the managers at Skopje airport flight control.

It is true that after "escaping" from federal flight control in Belgrade, Macedonian flight control was left without a "headquarters," but even before last year, little was invested in the Skopje "unit." The money that was collected from overflights was kept "Top Secret," and the army, in view of its military status and the powers that it had assumed, allocated little of the money collected for the further development of flight control. There is even information (which is already before a court) that \$100 million was obtained precisely from flight control and overflights, and only the military "leadership" knew about its fate.

"Now, when the piece of sky above Macedonia is ours alone, it is necessary to obtain the equipment that will allow normal overflight of our territory. Otherwise, if we are not in a position to monitor aircraft, it may happen that they will simply bypass us. The same thing is true of

roads. It is crazy that some 'macadam' is a very indirect link between two centers, if one can arrive more quickly and safely by air, even in a roundabout way!" pointed out Blagoja Drogreski, a flight control manager at Skopje airport.

Loans Should Be Used

It depends precisely upon ensuring some optimal technical equipment for flight control, with which we will somehow "struggle along," whether we will remain a "colony" or "province" of Europe! With Macedonia's entry into European financial institutions, it has also been given real chances to use loans for obtaining more modern flight control equipment. In particular, the European Bank for Reconstruction and Development has a special working group that deals with the development of flight systems in East European countries. "Euro Control" provides the designs, and the European Bank provides the money to implement them.

"'Euro Control' has developed so many detailed plans and designs that the technical solutions can be used at any time. The only thing left is for our state to find, more urgently, possibilities for obtaining a loan from the European Bank, which gives priority precisely to transportation and communications projects," Terziev stated.

How to obtain funds for flight control, of course, is neither simple nor cheap to resolve, but it is extremely essential! In the first place, it is the primary radar system that in practice is the biggest investment, and could be bought for about \$10 million. A state, if it really claims to be one, has to have one such system, which is essential both from the standpoint of air transportation and from the point of view of security. No less significant are the communications systems. Until last year, Belgrade handled the communications, but now flight control relies on only two telexes and one telephone? When one purchases a radar system, usually provided together with it are the computer equipment and communications that are established in this area.

At the same time, what is "missing" is the Center for Flight Planning and Approval. At the moment, there is not any influence over overflights at all! An account is kept and only landings and handling are charged for, which in the future ought to be the Center's obligation! There is also a lack of local medium-sized computer systems for total flight control and the incoming radio navigation systems. The investment in equipment, which is more than obvious and essential, will be inappropriate if it is not carried out with adequate training for personnel, and especially through the appropriate organization of the people who will guarantee safety but also the development of a system which, in many cases, is a reflection of a state's efficiency.

* Problems of New Digital Telephone Switchboard

93BA0878D Skopje NOVA MAKEDONIJA in
Macedonian 26 Feb 93 p 9

[Article by J. Dukovska: "The Chaos Is Still Continuing!"]

[Text] *The transfer of about 7,000 "strong" subscribers has mostly been completed, but consequently, however, the new switchboard is now overloaded; until the equipment's producer, Iskra Tel, eliminates the technical problems that have appeared in the meantime, Skopje residents' own nerves and ears will continue to be tested.*

A considerable number of Skopje residents eagerly awaited the date of 11 February, when their "telephone troubles" were finally supposed to be over, and telephone communications in the city were supposed to be more or less normalized. That was the deadline by which the officials of the Macedonia PTT [postal, telephone, and telegraph service] announced that the exchange of the "strong" subscribers would be done, i.e., their transfer from the old regional switchboards to the new main digital switchboard in Skopje. Let us recall that these so-called "strong" subscribers are primarily enterprises, firms, and institutions that make more than 2,500 telephone calls a month. In addition to these, it also includes those individual direct telephones that are extremely "active."

With the transfer of a total of 10,000 subscribers to the new switchboard, conditions in Skopje telephone communications were supposed to be significantly improved. As we have learned, so far about 7,000 telephone connections have been transferred so far and the transfer is still under way, but it is rare that any telephone user in the city can be satisfied with the quality of telephone communications that is offered. In other words, people still wait a long time for a free line, it often happens that the telephone is "dead," and all of us are already used to the customary "telephone discussion groups," when three, four, or even more telephone subscribers participate in a conversation. Of course, one should take into account the fact that the Macedonia PTT officials announced difficulties in the conduct of telephone communications, due precisely to the transfer of the lines. Those transfers, however, are also carried out by changing telephone numbers. The answering machines that inform interested parties about the change in numbers were insufficient for the requirements, so people usually contact the Information Service, 988. This in turn is causing an additional burden for the service, and new headaches. Likewise, what is happening to many people is that the Information Service is not always informed, and so they receive a wrong number, although Lidija Kanevce, director of the Telegraph-Telephone OO [expansion not given], states categorically that it is not possible.

"The Service always has the necessary information in time, and almost always the users are the ones who do not give correct and complete information or hear the number stated incorrectly."

Then what are the reasons for the chaos that is continuing in the Skopje telephone system, and how long will it be like that? In the process of "developing" the new switchboard, which, as was announced, has enormous technical capabilities, unexpected problems began to appear, or, as the officials technically explain it—several strong subscribers are connected to one subscriber module and the switchboard does not have enough channels to complete all the calls. Or, to put it simply, the new switchboard is overloaded now. Likewise, there are problems with the producer of the equipment, Iskra-Tel, since during the purchase different data were provided on the signal processing capabilities, and under the conditions of this kind of distribution of the subscriber levels, a bottleneck is occurring. Furthermore, there are also problems with the software program introduced, which the producer is expected to eliminate. Consequently, it seems that the residents of Skopje have no other choice but to wait until "solutions are found for overcoming these problems" or keep having their own nerves and ears tested by blocked lines, interference, and "breaking in" as part of Skopje everyday telephone life.

* Satellite Links to Germany Discussed

93BA0878B Skopje VECER in Macedonian
5 Mar 93 p 9

[Article by M. K.: "Satellite Link With Germany"]

[Text] Since yesterday, telephone communications with Germany have been passed through the mobile satellite station in Skopje. The link with this country is transiting through the ground station in Zurich, within the framework of the Skopje station's capacity of 90 outgoing and 210 incoming channels. In any case, the satellite link with Germany is the third type of communication with this country (in addition to 12 direct cables and the transit through Belgrade), which is expected to reduce the load significantly and improve the quality of communications.

As we were informed by the telecommunications section at the Macedonia PTT [postal, telegraph, and telephone service], next week satellite links are also to be established in the same way with the Netherlands and Great Britain, concerning which notification from the Swiss administration is being awaited.

* Government Considers Computer Systems

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[Article by V. V.: "VMS or UNIX?"]

[Text] According to some views, the equipment being purchased for the new information system is obsolete and

thus the republic is entering into yet one more failed investment, but the Ministry of Science which is handling the project says categorically that it is not obsolete technology.

In addition to financial, organizational, and personnel problems, it seems that the establishment of the Macedonian Republic's information system is also faced with the question of a conceptual disagreement. What does this involve?

Recently information began to circulate in public that the equipment being purchased for implementing the project for the information systems computer communications network (by which all the public services will be connected) is obsolete, and the republic is thus rushing into one more failed investment. All of this gains in significance in view of the sum needed to implement the project by 1995, which amounts to about \$12.5 million. The letter that was sent to the Ministry of Science, as the one handling the project, by the firm Mak-System, signed by general director Simon Kiskovski, whose headquarters is in Paris, states that Digital's VMS [Virtual Memory System] operating system is an obsolete system that is even being abandoned by the producer itself. In any case, Digital is working on a new project with the 64-bit RISC [Reduced Instruction Set Computer] processor Alpha, for which, according to Kiskovski, it is adopting the UNIX operating system, and not VMS.

New Project

"It is a project that we are not familiar with, but it also supports the operating systems Open VMS and Windows NT, and not just UNIX. The new project with the Alpha processor will be used for applications such as multidimensional computer graphics, multimedia, real-time applications, and other applications that require tremendous processor speed. The smallest of these systems, however, costs about 40,000 Deutschmarks, but the systems that we are buying have lower processor performance, which, however, suits the application, and their price is about 15,000 marks," said Toso Misevski, an assistant minister of science.

The Ministry of Science likewise states that the VMS operating system is not the only point on which the future strategy for implementing the computer communications network will be built. The choice of the Micro-Vax 3100 systems, however, which work under the operating systems Open VMS, as that Ministry states, is also a result of the need to ensure compatibility with the permanent equipment, which does not rule out the UNIX operating system, as one of the world trends; on the contrary, preparations are also being made for using it, for the time being at the level of personal systems.

'Obsolete' Personnel

On the other hand, in the letter from Mak-System, director Kiskovski also pointed out the problems that could occur if personnel continued to be trained in

obsolete technology. According to Mr. Kiskovski, Macedonia will thus find itself in "such a technologically unenviable situation that it will never be able to recover."

In connection with this issue, the Ministry thinks that one must take into account the fact that most of the personnel in republic bodies have been trained to work with the Open VMS operating system. The departure of the personnel in this Ministry, however, is explained by the low wages, and not by a disagreement of a conceptual or personal nature. With respect to the problem of a lack

of incentives for experts, the Ministry has already contacted the government, which it expects to find a solution.

All in all, the impression remains that there are disagreements, but that the fact is that they need to be settled by experts. Furthermore, although perhaps in the overall general situation that we have it is not very advisable to call for fair play, it should nevertheless be pointed out that both the accepted concepts and opposing views should be respected.

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